

**EIGHTY-FOURTH GENERAL ASSEMBLY
2012 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

MAY 9, 2012

SENATE FILE 2315

S-5255

1 Amend the House amendment, [S-5234](#), to Senate File
2 2315, as amended, passed, and reprinted by the Senate,
3 as follows:
4 1. Page 5, after line 34 by inserting:
5 <____. Page 11, line 18, by striking <A person> and
6 inserting <Notwithstanding subsection 1, a person>>
7 2. Page 7, by striking lines 7 through 13 and
8 inserting <in this Act. In addition, the transition>
9 3. Page 10, after line 22 by inserting:
10 <____. Chapter 229.>
11 4. Page 12, after line 10 by inserting:
12 <____. Page 27, line 23, before <one> by inserting
13 <at least>
14 _____. Page 27, line 24, after <designees> by
15 inserting <and any other members specified in the
16 region's regional governance agreement entered into in
17 accordance with section 331.438E>>
18 5. Page 15, line 1, after <applies> by inserting
19 <beginning July 1, 2012,>
20 6. Page 15, line 5, after <costs> by inserting <for
21 services provided on or after July 1, 2011,>
22 7. Page 15, after line 8 by inserting:
23 <(____) Chapter 229.>
24 8. Page 15, line 17, after <billing.> by inserting
25 <However, for services provided on or after July 1,
26 2011, for which a county has received the billing as of
27 July 1, 2012, the county shall notify the department of
28 the county's assertion on or before October 1, 2012.>
29 9. By striking page 24, line 23, through page 28,
30 line 2, and inserting:
31 <DIVISION ____
32 PROPERTY TAX-RELATED PROVISIONS
33 Sec. _____. MENTAL HEALTH AND DISABILITY SERVICES
34 REDESIGN FISCAL VIABILITY ANALYSIS.
35 1. The legislative council is requested to
36 authorize a study committee to analyze the viability
37 of the mental health and disability services redesign
38 financing provisions in 2012 Iowa Acts, Senate File
39 2315, if enacted, during the 2012 and 2013 legislative
40 interims. The study committee may contract for an
41 independent analysis to be performed. Reports of
42 the analysis containing findings and recommendations
43 shall be submitted for consideration during the 2013
44 legislative session. The study committee may meet
45 during the 2013 legislative interim to consider and
46 determine whether revisions to 2013 redesign financing
47 enactments are warranted and to make appropriate
48 recommendations for consideration during the 2014
49 legislative session.
50 2. The financial information addressed by the

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1 analysis shall include but is not limited to all of the
2 following:

3 a. A determination as to the adequacy of the local
4 funding sources available to counties and county
5 regions, including the per capita levy provisions;
6 whether adjustments are warranted to reflect the
7 relative capacity of the property tax base to provide
8 needed funding; how to provide funding sufficiently
9 flexible to meet the needs identified and reflect
10 annual population and property valuation changes;
11 and identification of options for revising the levy
12 provisions.

13 b. Identification of options and alternatives for
14 provision of state funding to the regional system,
15 including making equalization payments, addressing
16 growth and population shifts, dealing with growth in
17 terms of costs and numbers of consumers, and allocation
18 of state cases in a phase-out of the legal settlement
19 system for determining financial responsibility.

20 c. Analysis of the likely effects that the
21 implementation of the federal Patient Protection and
22 Affordable Care Act, Pub. L. No. 111-148, as amended by
23 the federal Health Care and Education Reconciliation
24 Act of 2010, Pub. L. No. 111-152, and any amendments
25 thereto, or other applicable federal law, will have on
26 the service obligations of counties.

27 d. Analysis of services fund balances held by
28 counties.

29 Sec. _____. Section 331.424A, Code Supplement 2011,
30 is amended to read as follows:

31 331.424A County mental health, ~~mental retardation,~~
32 and ~~developmental~~ disabilities services fund.

33 1. For the purposes of this chapter and chapter
34 426B, unless the context otherwise requires,
35 ~~"services fund" means the county mental health, mental~~
36 ~~retardation, and developmental disabilities services~~
37 ~~fund created in subsection 2. The county finance~~
38 ~~committee created in section 333A.2 shall consult with~~
39 ~~the state commission in adopting rules and prescribing~~
40 ~~forms for administering the services fund.:~~

41 a. "Base year expenditures for mental health and
42 disabilities services" means the same as defined in
43 section 331.438, Code Supplement 2011, minus the amount
44 the county received from the property tax relief fund
45 pursuant to section 426B.1, Code 2011, for the fiscal
46 year beginning July 1, 2008.

47 b. "County population expenditure target amount"
48 means the product of the statewide per capita
49 expenditure target amount multiplied by a county's
50 general population.

1 c. "County services fund" means a county mental
2 health and disabilities services fund created pursuant
3 to this section.

4 d. "Per capita growth amount" means the amount by
5 which the statewide per capita expenditure target
6 amount may grow from one year to the next.

7 e. "Statewide per capita expenditure target amount"
8 means the dollar amount of a statewide expenditure
9 target per person as established by statute.

10 2. The county finance committee created in section
11 333A.2 shall consult with the department of human
12 services and the department of management in adopting
13 rules and prescribing forms for administering the
14 county services funds.

15 ~~2. 3. For the fiscal year beginning July 1, 1996,~~
16 ~~and succeeding fiscal years, county County revenues~~
17 ~~from taxes and other sources designated by a county for~~
18 ~~mental health, mental retardation, and developmental~~
19 ~~disabilities services shall be credited to the county~~
20 ~~mental health, mental retardation, and developmental~~
21 ~~disabilities services fund of which shall be created by~~
22 ~~the county. The board shall make appropriations from~~
23 ~~the fund for payment of services provided under the~~
24 ~~county regional service system management plan approved~~
25 ~~pursuant to section 331.439 331.439A. The county may~~
26 ~~pay for the services in cooperation with other counties~~
27 ~~by pooling appropriations from the county services~~
28 ~~fund with appropriations from the county services fund~~
29 ~~of other counties or through county regional entities~~
30 ~~including but not limited to the county's mental health~~
31 ~~and developmental disabilities regional planning~~
32 ~~council created pursuant to section 225C.18 through the~~
33 ~~county's regional administrator, or through another~~
34 ~~arrangement specified in the regional governance~~
35 ~~agreement entered into by the county under section~~
36 ~~331.438E.~~

37 ~~3. 4. For the fiscal year beginning July 1, 1996,~~
38 ~~and succeeding fiscal years, receipts Receipts from the~~
39 ~~state or federal government for such the mental health~~
40 ~~and disability services administered or paid for by a~~
41 ~~county shall be credited to the county services fund,~~
42 ~~including moneys allotted distributed to the county~~
43 ~~from the state payment made pursuant to section 331.439~~
44 ~~and moneys allotted to the county for property tax~~
45 ~~relief pursuant to section 426B.1 department of human~~
46 ~~services and moneys allocated under chapter 426B.~~

47 ~~4. 5. For the fiscal year beginning July 1, 1996,~~
48 ~~and for each subsequent fiscal year, the county shall~~
49 ~~certify a levy for payment of services. For each~~
50 ~~fiscal year, county revenues from taxes imposed by the~~

1 county credited to the services fund shall not exceed
2 an amount equal to the amount of base year expenditures
3 for mental health and disability services as defined
4 ~~in section 331.438, less the amount of property tax~~
5 ~~relief to be received pursuant to section 426B.2, in~~
6 ~~the fiscal year for which the budget is certified.~~
7 ~~The county auditor and the board of supervisors shall~~
8 ~~reduce the amount of the levy certified for the~~
9 ~~services fund by the amount of property tax relief to~~
10 ~~be received.~~ A levy certified under this section is
11 not subject to the appeal provisions of section 331.426
12 or to any other provision in law authorizing a county
13 to exceed, increase, or appeal a property tax levy
14 limit.

15 ~~5. 6.~~ Appropriations specifically authorized to be
16 made from the mental health, ~~mental retardation,~~ and
17 ~~developmental~~ disabilities services fund shall not be
18 made from any other fund of the county.

19 ~~6. 7.~~ ~~This section is repealed July 1, 2013.~~
20 Notwithstanding subsection 5, for the fiscal years
21 beginning July 1, 2013, and July 1, 2014, county
22 revenues from taxes levied by the county and credited
23 to the county services fund shall not exceed the lower
24 of the following amounts:

25 a. The amount of the county's base year
26 expenditures for mental health and disabilities
27 services.

28 b. The amount equal to the product of the statewide
29 per capita expenditure target for the fiscal year
30 beginning July 1, 2013, multiplied by the county's
31 general population for the same fiscal year.

32 Sec. _____. Section 331.432, subsection 3, Code
33 Supplement 2011, is amended to read as follows:

34 3. Except as authorized in section 331.477,
35 transfers of moneys between the county mental health,
36 ~~mental retardation,~~ and ~~developmental~~ disabilities
37 services fund created pursuant to section 331.424A and
38 any other fund are prohibited.

39 Sec. _____. Section 426B.1, subsection 2, Code 2011,
40 is amended by striking the subsection and inserting in
41 lieu thereof the following:

42 2. Moneys shall be distributed from the property
43 tax relief fund to counties for the mental health and
44 disability regional service system for providing county
45 base property tax equivalent equalization payments and
46 the per capita growth amount established pursuant to
47 section 426B.3, in accordance with the appropriations
48 made to the fund and other statutory requirements.

49 Sec. _____. Section 426B.2, subsections 1 and 2, Code
50 2011, are amended by striking the subsections.

1 Sec. _____. Section 426B.2, subsection 3, Code 2011,
2 is amended to read as follows:

3 3. ~~a.~~ The director of human services shall draw
4 warrants on the property tax relief fund, payable to
5 the county treasurer in the amount due to a county in
6 accordance with ~~subsection 1~~ section 426B.3, and mail
7 the warrants to the county auditors in July and January
8 of each year.

9 ~~b. Any replacement generation tax in the property~~
10 ~~tax relief fund as of May 1 shall be paid to the~~
11 ~~county treasurers in July and January of the fiscal~~
12 ~~year beginning the following July 1. The department~~
13 ~~of management shall determine the amount each county~~
14 ~~will be paid pursuant to this lettered paragraph~~
15 ~~for the following fiscal year. The department shall~~
16 ~~reduce by the determined amount the amount of each~~
17 ~~county's certified budget to be raised by property~~
18 ~~tax for that fiscal year which is to be expended for~~
19 ~~mental health, mental retardation, and developmental~~
20 ~~disabilities services and shall revise the rate of~~
21 ~~taxation as necessary to raise the reduced amount. The~~
22 ~~department of management shall report the reduction in~~
23 ~~the certified budget and the revised rate of taxation~~
24 ~~to the county auditors by June 15.~~

25 Sec. _____. Section 426B.3, Code 2011, is amended by
26 striking the section and inserting in lieu thereof the
27 following:

28 426B.3 Per capita funding for fiscal years 2013-2014
29 and 2014-2015.

30 1. For the fiscal years beginning July 1, 2013,
31 and July 1, 2014, the state and county funding for the
32 mental health and disability services administered
33 or paid for by counties shall be provided based on a
34 statewide per capita expenditure target amount computed
35 in accordance with this section.

36 2. The statewide per capita expenditure target
37 amount shall consist of the sum of the following:

38 a. A county base property tax equivalent to
39 forty-seven dollars and twenty-eight cents per capita.
40 Each per capita growth amount established by statute
41 as provided in paragraph "b", shall be added to this
42 amount.

43 b. A per capita growth amount, which may be stated
44 as a percentage of the prior fiscal year's county base
45 property tax per capita amount, as established by
46 statute.

47 3. The per capita growth amount established
48 by statute shall provide funding for increases in
49 non-Medicaid expenditures from county services funds
50 due to service costs, additional service populations,

1 additional core service domains, and numbers of persons
2 receiving services.

3 4. a. For the fiscal years beginning July 1, 2013,
4 and July 1, 2014, a county with a county population
5 expenditure target amount that exceeds the amount of
6 the county's base year expenditures for mental health
7 and disabilities services shall receive an equalization
8 payment for the difference.

9 b. The equalization payments determined in
10 accordance with this subsection shall be made by the
11 department of human services for each fiscal year as
12 provided in appropriations made from the property tax
13 relief fund for this purpose.

14 Sec. _____. REPEAL. Section 426B.6, Code Supplement
15 2011, is repealed.

16 Sec. _____. EFFECTIVE DATE. The following provisions
17 of this division of this Act take effect July 1, 2013:

18 1. The section of this Act amending section
19 331.424A.

20 2. The section of this Act amending section
21 331.432.

22 3. The section of this Act amending section 426B.1.

23 4. The sections of this Act amending section
24 426B.2.

25 5. The section of this Act amending section 426B.3.

26 Sec. _____. APPLICABILITY. The following provisions
27 of this division of this Act are applicable commencing
28 with the budget and tax levy certification process for
29 the fiscal year beginning July 1, 2013:

30 1. The section of this Act amending section
31 331.424A.

32 2. The section of this Act amending section 426B.1.

33 3. The sections of this Act amending section
34 426B.2.

35 4. The section of this Act amending section
36 426B.3.>

37 10. By renumbering as necessary.

By JACK HATCH

S-5257

1 Amend Senate File 2344 as follows:

2 1. Page 31, after line 18 by inserting:

3 <DIVISION ____

4 CABLE TELEVISION COMPANY PROPERTY

5 Sec. ____ NEW SECTION. 427A.3 Cable television
6 company property.

7 1. Except as provided in subsection 2, for
8 assessment years beginning on or after January 1,
9 2013, the property of a cable television company that
10 consists of wire, cable, fiber optic cable, conduit
11 systems, poles, and other equipment and machinery
12 used by the cable television company to provide cable
13 television services and that would otherwise be taxed
14 as real property under section 427A.1, shall be exempt
15 from taxation.

16 2. a. For assessment years beginning on or after
17 January 1, 2013, such property described in subsection
18 1 shall be assessed and subject to taxation to the
19 extent specified herein:

20 (1) For the assessment year beginning January 1,
21 2013, for each cable television company, the amount
22 of actual value of such property in all assessing
23 jurisdictions that exceeds two million dollars.

24 (2) For the assessment year beginning January 1,
25 2014, for each cable television company, the amount
26 of actual value of such property in all assessing
27 jurisdictions that exceeds four million dollars.

28 (3) For the assessment year beginning January 1,
29 2015, for each cable television company, the amount
30 of actual value of such property in all assessing
31 jurisdictions that exceeds six million dollars.

32 (4) For the assessment year beginning January 1,
33 2016, for each cable television company, the amount
34 of actual value of such property in all assessing
35 jurisdictions that exceeds eight million dollars.

36 (5) For the assessment year beginning January 1,
37 2017, and each assessment year thereafter, for each
38 cable television company, the amount of actual value
39 of such property in all assessing jurisdictions that
40 exceeds ten million dollars.

41 b. The director of revenue, in consultation
42 with the applicable local assessors, shall for each
43 assessment year beginning on or after January 1, 2013,
44 collect such assessment information that is necessary
45 to determine for each cable television company the
46 amount of actual value of such property that is
47 subject to assessment and taxation in each assessing
48 jurisdiction in the state, following imposition of the
49 assessment and taxation limitation under paragraph
50 "a". The total statewide amount of actual value for

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1 each cable television company that is subject to
2 assessment and taxation following the imposition of the
3 limitation under paragraph "a" shall be apportioned
4 among the several assessing jurisdictions in the same
5 proportion that the total amount of actual value of
6 such property in each assessing jurisdiction prior
7 to the imposition of the limitation under paragraph
8 "a" bears to the total amount of actual value of such
9 property statewide prior to the imposition of the
10 limitation under paragraph "a". The amounts calculated
11 by the director of revenue shall be certified by the
12 director of revenue on or before November 1 to the
13 several county auditors of the respective counties in
14 which such property is located.

15 3. The director of revenue shall prescribe forms,
16 instructions, and rules pursuant to chapter 17A, as
17 necessary, to carry out the purposes of this section.

18 Sec. _____. APPLICABILITY. This division of this
19 Act applies to assessment years beginning on or after
20 January 1, 2013.>

21 2. Title page, line 7, after <classification,> by
22 inserting <modifying provisions relating to assessment
23 and taxation of cable television companies,>

24 3. By renumbering as necessary.

By MATT McCOY

S-5258

1 Amend Senate File 2344 as follows:

2 1. By striking everything after the enacting clause
3 and inserting:

4 <DIVISION I

5 EARNED INCOME TAX CREDIT

6 Section 1. Section 422.12B, subsection 1, Code
7 2011, is amended to read as follows:

8 1. The taxes imposed under this division less the
9 credits allowed under section 422.12 shall be reduced
10 by an earned income credit equal to ~~seven~~ ten percent
11 of the federal earned income credit provided in section
12 32 of the Internal Revenue Code. Any credit in excess
13 of the tax liability is refundable.

14 Sec. 2. RETROACTIVE APPLICABILITY. This division
15 of this Act applies retroactively to January 1, 2012,
16 for tax years beginning on or after that date.

17 DIVISION II

18 PROPERTY TAX ASSESSMENT LIMITATIONS – PROPERTY TAX
19 REPLACEMENT

20 Sec. 3. Section 257.3, subsection 1, Code 2011, is
21 amended by adding the following new paragraph:

22 NEW PARAGRAPH. d. The amount paid to each school
23 district for the commercial and industrial property
24 tax replacement claim under section 441.21A shall be
25 regarded as property tax. The portion of the payment
26 which is foundation property tax shall be determined by
27 applying the foundation property tax rate to the amount
28 computed under section 441.21A, subsection 4, paragraph
29 "a", and such amount shall be prorated pursuant to
30 section 441.21A, subsection 2, if applicable.

31 Sec. 4. Section 331.512, Code 2011, is amended by
32 adding the following new subsection:

33 NEW SUBSECTION. 13A. Carry out duties relating
34 to the calculation and payment of commercial and
35 industrial property tax replacement claims under
36 section 441.21A.

37 Sec. 5. Section 331.559, Code 2011, is amended by
38 adding the following new subsection:

39 NEW SUBSECTION. 25A. Carry out duties relating
40 to the calculation and payment of commercial and
41 industrial property tax replacement claims under
42 section 441.21A.

43 Sec. 6. Section 441.21, subsection 4, Code
44 Supplement 2011, is amended to read as follows:

45 4. For valuations established as of January
46 1, 1979, the percentage of actual value at which
47 agricultural and residential property shall be assessed
48 shall be the quotient of the dividend and divisor as
49 defined in this section. The dividend for each class
50 of property shall be the dividend as determined for

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1 each class of property for valuations established as
2 of January 1, 1978, adjusted by the product obtained
3 by multiplying the percentage determined for that year
4 by the amount of any additions or deletions to actual
5 value, excluding those resulting from the revaluation
6 of existing properties, as reported by the assessors
7 on the abstracts of assessment for 1978, plus six
8 percent of the amount so determined. However, if the
9 difference between the dividend so determined for
10 either class of property and the dividend for that
11 class of property for valuations established as of
12 January 1, 1978, adjusted by the product obtained by
13 multiplying the percentage determined for that year
14 by the amount of any additions or deletions to actual
15 value, excluding those resulting from the revaluation
16 of existing properties, as reported by the assessors
17 on the abstracts of assessment for 1978, is less than
18 six percent, the 1979 dividend for the other class of
19 property shall be the dividend as determined for that
20 class of property for valuations established as of
21 January 1, 1978, adjusted by the product obtained by
22 multiplying the percentage determined for that year
23 by the amount of any additions or deletions to actual
24 value, excluding those resulting from the revaluation
25 of existing properties, as reported by the assessors on
26 the abstracts of assessment for 1978, plus a percentage
27 of the amount so determined which is equal to the
28 percentage by which the dividend as determined for the
29 other class of property for valuations established as
30 of January 1, 1978, adjusted by the product obtained
31 by multiplying the percentage determined for that year
32 by the amount of any additions or deletions to actual
33 value, excluding those resulting from the revaluation
34 of existing properties, as reported by the assessors
35 on the abstracts of assessment for 1978, is increased
36 in arriving at the 1979 dividend for the other class
37 of property. The divisor for each class of property
38 shall be the total actual value of all such property
39 in the state in the preceding year, as reported by the
40 assessors on the abstracts of assessment submitted
41 for 1978, plus the amount of value added to said
42 total actual value by the revaluation of existing
43 properties in 1979 as equalized by the director of
44 revenue pursuant to section 441.49. The director shall
45 utilize information reported on abstracts of assessment
46 submitted pursuant to section 441.45 in determining
47 such percentage. For valuations established as of
48 January 1, 1980, and each assessment year thereafter
49 beginning before January 1, 2013, the percentage of
50 actual value as equalized by the director of revenue

1 as provided in section 441.49 at which agricultural
2 and residential property shall be assessed shall be
3 calculated in accordance with the methods provided
4 herein including the limitation of increases in
5 agricultural and residential assessed values to the
6 percentage increase of the other class of property if
7 the other class increases less than the allowable limit
8 adjusted to include the applicable and current values
9 as equalized by the director of revenue, except that
10 any references to six percent in this subsection shall
11 be four percent. For valuations established as of
12 January 1, 2013, and each assessment year thereafter,
13 the percentage of actual value as equalized by the
14 director of revenue as provided in section 441.49 at
15 which agricultural and residential property shall be
16 assessed shall be calculated in accordance with the
17 methods provided herein including the limitation of
18 increases in agricultural and residential assessed
19 values to the percentage increase of the other class
20 of property if the other class increases less than the
21 allowable limit adjusted to include the applicable and
22 current values as equalized by the director of revenue,
23 except that any references to six percent in this
24 subsection shall be three percent.

25 Sec. 7. Section 441.21, subsection 5, Code
26 Supplement 2011, is amended to read as follows:

27 5. a. ~~For valuations established as of January~~
28 ~~1, 1979, commercial property and industrial property,~~
29 ~~excluding properties referred to in section 427A.1,~~
30 ~~subsection 8, shall be assessed as a percentage of~~
31 ~~the actual value of each class of property. The~~
32 ~~percentage shall be determined for each class of~~
33 ~~property by the director of revenue for the state in~~
34 ~~accordance with the provisions of this section. For~~
35 ~~valuations established as of January 1, 1979, the~~
36 ~~percentage shall be the quotient of the dividend and~~
37 ~~divisor as defined in this section. The dividend~~
38 ~~for each class of property shall be the total actual~~
39 ~~valuation for each class of property established for~~
40 ~~1978, plus six percent of the amount so determined.~~
41 ~~The divisor for each class of property shall be the~~
42 ~~valuation for each class of property established for~~
43 ~~1978, as reported by the assessors on the abstracts~~
44 ~~of assessment for 1978, plus the amount of value~~
45 ~~added to the total actual value by the revaluation~~
46 ~~of existing properties in 1979 as equalized by the~~
47 ~~director of revenue pursuant to section 441.49. For~~
48 ~~valuations established as of January 1, 1979, property~~
49 ~~valued by the department of revenue pursuant to~~
50 ~~chapters 428, 433, 437, and 438 shall be considered~~

1 as one class of property and shall be assessed as a
2 percentage of its actual value. The percentage shall
3 be determined by the director of revenue in accordance
4 with the provisions of this section. For valuations
5 established as of January 1, 1979, the percentage
6 shall be the quotient of the dividend and divisor as
7 defined in this section. The dividend shall be the
8 total actual valuation established for 1978 by the
9 department of revenue, plus ten percent of the amount
10 so determined. The divisor for property valued by
11 the department of revenue pursuant to chapters 428,
12 433, 437, and 438 shall be the valuation established
13 for 1978, plus the amount of value added to the total
14 actual value by the revaluation of the property by
15 the department of revenue as of January 1, 1979.
16 ~~For valuations established as of January 1, 1980,~~
17 ~~commercial property and industrial property, excluding~~
18 ~~properties referred to in section 427A.1, subsection~~
19 ~~8, shall be assessed at a percentage of the actual~~
20 ~~value of each class of property. The percentage~~
21 ~~shall be determined for each class of property by~~
22 ~~the director of revenue for the state in accordance~~
23 ~~with the provisions of this section. For valuations~~
24 ~~established as of January 1, 1980, the percentage~~
25 ~~shall be the quotient of the dividend and divisor as~~
26 ~~defined in this section. The dividend for each class~~
27 ~~of property shall be the dividend as determined for~~
28 ~~each class of property for valuations established as~~
29 ~~of January 1, 1979, adjusted by the product obtained~~
30 ~~by multiplying the percentage determined for that year~~
31 ~~by the amount of any additions or deletions to actual~~
32 ~~value, excluding those resulting from the revaluation~~
33 ~~of existing properties, as reported by the assessors~~
34 ~~on the abstracts of assessment for 1979, plus four~~
35 ~~percent of the amount so determined. The divisor~~
36 ~~for each class of property shall be the total actual~~
37 ~~value of all such property in 1979, as equalized by~~
38 ~~the director of revenue pursuant to section 441.49,~~
39 ~~plus the amount of value added to the total actual~~
40 ~~value by the revaluation of existing properties in~~
41 ~~1980. The director shall utilize information reported~~
42 ~~on the abstracts of assessment submitted pursuant~~
43 ~~to section 441.45 in determining such percentage.~~
44 For valuations established as of January 1, 1980,
45 property valued by the department of revenue pursuant
46 to chapters 428, 433, 437, and 438 shall be assessed
47 at a percentage of its actual value. The percentage
48 shall be determined by the director of revenue in
49 accordance with the provisions of this section. For
50 valuations established as of January 1, 1980, the

1 percentage shall be the quotient of the dividend and
2 divisor as defined in this section. The dividend shall
3 be the total actual valuation established for 1979 by
4 the department of revenue, plus eight percent of the
5 amount so determined. The divisor for property valued
6 by the department of revenue pursuant to chapters 428,
7 433, 437, and 438 shall be the valuation established
8 for 1979, plus the amount of value added to the total
9 actual value by the revaluation of the property by
10 the department of revenue as of January 1, 1980. ~~For~~
11 ~~valuations established as of January 1, 1981, and~~
12 ~~each year thereafter, the percentage of actual value~~
13 ~~as equalized by the director of revenue as provided~~
14 ~~in section 441.49 at which commercial property and~~
15 ~~industrial property, excluding properties referred to~~
16 ~~in section 427A.1, subsection 8, shall be assessed~~
17 ~~shall be calculated in accordance with the methods~~
18 ~~provided herein, except that any references to six~~
19 ~~percent in this subsection shall be four percent.~~
20 For valuations established as of January 1, 1981,
21 and each year thereafter, the percentage of actual
22 value at which property valued by the department of
23 revenue pursuant to chapters 428, 433, 437, and 438
24 shall be assessed shall be calculated in accordance
25 with the methods provided herein, except that any
26 references to ten percent in this subsection shall be
27 eight percent. For assessment years beginning on or
28 after January 1, 2013, but before January 1, 2019, the
29 percentage of actual value at which property valued by
30 the department of revenue pursuant to chapters 428,
31 433, 437, and 438 shall be assessed shall be calculated
32 using property valuations for the applicable assessment
33 years that include the total value of property exempt
34 from taxation under section 433.4, subsection 2,
35 paragraph "b", if enacted in division III of this Act,
36 notwithstanding section 433.4, subsection 2, paragraph
37 "c", if enacted in division III of this Act. Beginning
38 with valuations established as of January 1, 1979,
39 and each assessment year thereafter beginning before
40 January 1, 2013, property valued by the department of
41 revenue pursuant to chapter 434 shall also be assessed
42 at a percentage of its actual value which percentage
43 shall be equal to the percentage determined by the
44 director of revenue for commercial property, industrial
45 property, or property valued by the department of
46 revenue pursuant to chapters 428, 433, 437, and 438,
47 whichever is lowest. For valuations established
48 on or after January 1, 2013, property valued by the
49 department of revenue pursuant to chapter 434 shall
50 be assessed at a percentage of its actual value equal

1 to the percentage of actual value at which property
2 assessed as commercial property is assessed for the
3 same assessment year under paragraph "b".

4 b. For valuations established on or after January
5 1, 2013, commercial property, excluding properties
6 referred to in section 427A.1, subsection 8, shall
7 be assessed as a percentage of its actual value, as
8 determined in this paragraph "b". For valuations
9 established for the assessment year beginning January
10 1, 2013, the percentage of actual value as equalized by
11 the director of revenue as provided in section 441.49
12 at which commercial property shall be assessed shall
13 be ninety-eight percent. For valuations established
14 for the assessment year beginning January 1, 2014,
15 the percentage of actual value as equalized by the
16 director of revenue as provided in section 441.49 at
17 which commercial property shall be assessed shall
18 be ninety-six percent. For valuations established
19 for the assessment year beginning January 1, 2015,
20 the percentage of actual value as equalized by the
21 director of revenue as provided in section 441.49 at
22 which commercial property shall be assessed shall
23 be ninety-four percent. For valuations established
24 for the assessment year beginning January 1, 2016,
25 the percentage of actual value as equalized by the
26 director of revenue as provided in section 441.49 at
27 which commercial property shall be assessed shall be
28 ninety-two percent. For valuations established for
29 the assessment year beginning January 1, 2017, and
30 each assessment year thereafter, the percentage of
31 actual value as equalized by the director of revenue as
32 provided in section 441.49 at which commercial property
33 shall be assessed shall be ninety percent.

34 c. For valuations established on or after January
35 1, 2013, industrial property, excluding properties
36 referred to in section 427A.1, subsection 8, shall
37 be assessed as a percentage of its actual value, as
38 determined in this paragraph "c". For valuations
39 established for the assessment year beginning January
40 1, 2013, the percentage of actual value as equalized by
41 the director of revenue as provided in section 441.49
42 at which industrial property shall be assessed shall
43 be ninety-eight percent. For valuations established
44 for the assessment year beginning January 1, 2014,
45 the percentage of actual value as equalized by the
46 director of revenue as provided in section 441.49 at
47 which industrial property shall be assessed shall
48 be ninety-six percent. For valuations established
49 for the assessment year beginning January 1, 2015,
50 the percentage of actual value as equalized by the

1 director of revenue as provided in section 441.49 at
2 which industrial property shall be assessed shall
3 be ninety-four percent. For valuations established
4 for the assessment year beginning January 1, 2016,
5 the percentage of actual value as equalized by the
6 director of revenue as provided in section 441.49 at
7 which industrial property shall be assessed shall be
8 ninety-two percent. For valuations established for
9 the assessment year beginning January 1, 2017, and
10 each assessment year thereafter, the percentage of
11 actual value as equalized by the director of revenue as
12 provided in section 441.49 at which industrial property
13 shall be assessed shall be ninety percent.

14 Sec. 8. NEW SECTION. 441.21A Commercial and
15 industrial property tax replacement fund – replacement
16 claims.

17 1. a. The commercial and industrial property
18 tax replacement fund is created in the state treasury
19 under the control of the department of revenue for
20 the payment of commercial and industrial property tax
21 replacement claims in fiscal years beginning on or
22 after July 1, 2014.

23 b. For the fiscal year beginning July 1, 2014,
24 there is appropriated from the general fund of the
25 state to the department of revenue to be credited to
26 the fund an amount necessary to pay all commercial
27 and industrial property tax replacement claims for
28 the fiscal year, not to exceed twenty-eight million
29 dollars. For the fiscal year beginning July 1, 2015,
30 there is appropriated from the general fund of the
31 state to the department of revenue to be credited to
32 the fund an amount necessary to pay all commercial and
33 industrial property tax replacement claims for the
34 fiscal year, not to exceed fifty-six million dollars.
35 For the fiscal year beginning July 1, 2016, there
36 is appropriated from the general fund of the state
37 to the department of revenue to be credited to the
38 fund an amount necessary to pay all commercial and
39 industrial property tax replacement claims for the
40 fiscal year, not to exceed eighty-four million dollars.
41 For the fiscal year beginning July 1, 2017, there is
42 appropriated from the general fund of the state to the
43 department of revenue to be credited to the fund an
44 amount necessary to pay all commercial and industrial
45 property tax replacement claims for the fiscal year,
46 not to exceed one hundred twelve million dollars. For
47 the fiscal year beginning July 1, 2018, and each fiscal
48 year thereafter, there is appropriated from the general
49 fund of the state to the department of revenue to be
50 credited to the fund an amount necessary to pay all

1 commercial and industrial property tax replacement
2 claims for the fiscal year, not to exceed one hundred
3 forty million dollars.

4 2. Beginning with the fiscal year beginning July
5 1, 2014, each county treasurer shall be paid from the
6 commercial and industrial property tax replacement
7 fund an amount equal to the amount of the commercial
8 and industrial property tax replacement claims in the
9 county, as calculated in subsection 4. If an amount
10 appropriated for a fiscal year is insufficient to pay
11 all replacement claims, the director of revenue shall
12 prorate the disbursements from the fund to the county
13 treasurers and shall notify the county auditors of
14 the pro rata percentage on or before September 30.
15 Any unspent balance in the fund as of June 30 of each
16 year shall revert to the general fund of the state as
17 provided by section 8.33.

18 3. a. On or before July 1 of each fiscal year
19 beginning on or after July 1, 2014, the assessor shall
20 determine the total assessed value of all commercial
21 property, industrial property, and property assessed
22 by the department of revenue pursuant to chapter 434
23 assessed for taxes due and payable in that fiscal year
24 and the total assessed value of such property assessed
25 as of January 1, 2012, and shall report the valuations
26 to the county auditor.

27 b. For purposes of calculating replacement claims
28 under this division of this Act, the total assessed
29 value of commercial property, industrial property, and
30 property assessed by the department of revenue pursuant
31 to chapter 434 as of January 1, 2012, shall not include
32 property classified as multiresidential property under
33 section 441.21, subsection 13, if enacted by division
34 VI of this Act, which was classified as commercial
35 property, industrial property, or property assessed by
36 the department of revenue pursuant to chapter 434 for
37 assessment years beginning before January 1, 2013.

38 4. On or before September 1 of each fiscal year
39 beginning on or after July 1, 2014, the county auditor
40 shall prepare a statement, based upon the report
41 received pursuant to subsection 3, listing for each
42 taxing district in the county:

43 a. The difference between the assessed valuation
44 of all commercial property, industrial property,
45 and property assessed by the department of revenue
46 pursuant to chapter 434 for the assessment year used
47 to calculate taxes which are due and payable in the
48 applicable fiscal year and the assessed value of all
49 commercial property, industrial property, and property
50 assessed by the department of revenue pursuant to

1 chapter 434 assessed as of January 1, 2012. If the
2 assessed value of all commercial property, industrial
3 property, and property assessed by the department of
4 revenue pursuant to chapter 434 assessed as of January
5 1, 2012, is less than the assessed valuation of all
6 commercial property, industrial property, and property
7 assessed by the department of revenue pursuant to
8 chapter 434 for the assessment year used to calculate
9 taxes which are due and payable in the applicable
10 fiscal year, there is no tax replacement for that
11 taxing district for the fiscal year.

12 b. The tax levy rate for each taxing district for
13 that fiscal year.

14 c. The commercial and industrial property tax
15 replacement claim for each taxing district. For
16 fiscal years beginning on or after July 1, 2014, the
17 replacement claim is equal to the amount determined
18 pursuant to paragraph "a", multiplied by the tax rate
19 specified in paragraph "b".

20 5. For purposes of computing replacement amounts
21 under this section, that portion of an urban renewal
22 area defined as the sum of the assessed valuations
23 defined in section 403.19, subsections 1 and 2, shall
24 be considered a taxing district.

25 6. a. The county auditor shall certify and forward
26 one copy of the statement to the department of revenue
27 not later than September 1 of each year.

28 b. The replacement claims shall be paid to each
29 county treasurer in equal installments in September
30 and March of each year. The county treasurer shall
31 apportion the replacement claim payments among the
32 eligible taxing districts in the county.

33 c. If the taxing district is an urban renewal
34 area, the amount of the replacement claim shall be
35 apportioned as provided in subsection 7.

36 7. a. If the total assessed value of property
37 located in an urban renewal area taxing district
38 for the assessment year for property taxes due and
39 payable in the applicable fiscal year is equal to or
40 more than that portion of such valuation defined in
41 section 403.19, subsection 1, the total replacement
42 claim amount computed pursuant to subsection 4 shall be
43 credited to that portion of the assessed value defined
44 in section 403.19, subsection 2.

45 b. If the total assessed value of the property
46 located in an urban renewal area taxing district for
47 the assessment year for property taxes due and payable
48 in the applicable fiscal year is less than that portion
49 of such valuation defined in section 403.19, subsection
50 1, the replacement amount shall be credited to those

1 portions of the assessed value defined in section
2 403.19, subsections 1 and 2, as follows:

3 (1) To that portion defined in section 403.19,
4 subsection 1, an amount equal to the amount that would
5 be produced by multiplying the applicable consolidated
6 levy rate times the difference between the assessed
7 value of the taxable property defined in section
8 403.19, subsection 1, and the total assessed value
9 of the property located in the urban renewal area
10 taxing district in the assessment year for property
11 taxes due and payable in the fiscal year for which the
12 replacement claim is computed.

13 (2) To that portion defined in section 403.19,
14 subsection 2, the remaining amount, if any.

15 c. Notwithstanding the allocation provisions
16 of paragraphs "a" and "b", the amount of the tax
17 replacement amount that shall be allocated to that
18 portion of the assessed value defined in section
19 403.19, subsection 2, shall not exceed the amount
20 equal to the amount certified to the county auditor
21 under section 403.19 for the fiscal year in which
22 the claim is paid, after deduction of the amount of
23 other revenues committed for payment on that amount
24 for the fiscal year. The amount not allocated to
25 that portion of the assessed value defined in section
26 403.19, subsection 2, as a result of the operation of
27 this paragraph, shall be allocated to that portion of
28 assessed value defined in section 403.19, subsection 1.

29 d. The amount of the replacement claim amount
30 credited to the portion of the assessed value defined
31 in section 403.19, subsection 1, shall be allocated
32 to and when received be paid into the fund for the
33 respective taxing district as taxes by or for the
34 taxing district into which all other property taxes
35 are paid. The amount of the replacement claim amount
36 credited to the portion of the assessed value defined
37 in section 403.19, subsection 2, shall be allocated to
38 and when collected be paid into the special fund of the
39 municipality under section 403.19, subsection 2.

40 Sec. 9. SAVINGS PROVISION. This division of this
41 Act, pursuant to section 4.13, does not affect the
42 operation of, or prohibit the application of, prior
43 provisions of section 441.21, or rules adopted under
44 chapter 17A to administer prior provisions of section
45 441.21, for assessment years beginning before January
46 1, 2013, and for duties, powers, protests, appeals,
47 proceedings, actions, or remedies attributable to an
48 assessment year beginning before January 1, 2013.

49 Sec. 10. APPLICABILITY. This division of this
50 Act applies to assessment years beginning on or after

1 January 1, 2013.

2

DIVISION III

3

TELECOMMUNICATIONS PROPERTY TAX

4 Sec. 11. Section 427A.1, subsection 1, paragraph h,
5 Code 2011, is amended to read as follows:

6 h. Property assessed by the department of revenue
7 pursuant to sections 428.24 to 428.29, or chapters ~~433,~~
8 434, 437, 437A, and 438.

9 Sec. 12. Section 433.4, Code 2011, is amended to
10 read as follows:

11 433.4 Assessment.

12 1. The director of revenue shall on or before
13 October 31 each year, proceed to find the actual value
14 of the property of these companies in this state used
15 by the companies in the transaction of telegraph and
16 telephone business, taking into consideration the
17 information obtained from the statements required, and
18 any further information the director can obtain, using
19 the same as a means for determining the actual ~~cash~~
20 value of the property of these companies within this
21 state. ~~The director shall also take into consideration~~
22 ~~the valuation of all property of these companies,~~
23 ~~including franchises and the use of the property in~~
24 ~~connection with lines outside the state, and making~~
25 ~~these deductions as may be necessary on account of~~
26 ~~extra value of property outside the state as compared~~
27 ~~with the value of property in the state, in order that~~
28 ~~the actual cash value of the property of the company~~
29 ~~within this state may be ascertained. The assessment~~
30 ~~shall include all property of every kind and character~~
31 ~~whatsoever, real, personal, or mixed, used by the~~
32 ~~companies in the transaction of telegraph and telephone~~
33 ~~business; and the~~ The property so included in the
34 assessment shall not be taxed in any other manner than
35 as provided in this chapter.

36 2. a. Except as provided in paragraph "c", for
37 assessment years beginning on or after January 1,
38 2013, a company's property, excluding the property
39 identified in paragraph "b" as exempt from taxation,
40 shall be subject to assessment and taxation under this
41 chapter by the director of revenue in the same manner
42 as property assessed and taxed as commercial property
43 under chapters 427, 427A, 427B, 428, and 441.

44 b. All of the following is exempt from taxation and
45 shall not be assessed for taxation under this chapter:

46 (1) Central office equipment.

47 (2) Transmission equipment.

48 (3) Qualified telephone company property. However,
49 qualified telephone company property shall be valued
50 and included in the company's assessment for the

1 assessment years, and to the extent specified, in
2 paragraph "c".

3 (4) Intangible property.

4 c. For assessment years beginning on or after
5 January 1, 2013, but before January 1, 2018, the
6 director of revenue shall include as part of the actual
7 value determined under paragraph "a" for the applicable
8 assessment year, the following:

9 (1) For the assessment year beginning January
10 1, 2013, an amount equal to the actual value of the
11 company's qualified telephone company property that
12 exceeds five million dollars.

13 (2) For the assessment year beginning January
14 1, 2014, an amount equal to the actual value of the
15 company's qualified telephone company property that
16 exceeds twenty-five million dollars.

17 (3) For the assessment year beginning January
18 1, 2015, an amount equal to the actual value of the
19 company's qualified telephone company property that
20 exceeds fifty million dollars.

21 (4) For the assessment year beginning January
22 1, 2016, an amount equal to the actual value of the
23 company's qualified telephone company property that
24 exceeds one hundred million dollars.

25 (5) For the assessment year beginning January
26 1, 2017, an amount equal to the actual value of the
27 company's qualified telephone company property that
28 exceeds one hundred fifty million dollars.

29 Sec. 13. Section 433.12, Code 2011, is amended by
30 adding the following new subsections:

31 NEW SUBSECTION. 1A. As used in this chapter,
32 "central office equipment" means equipment owned or
33 leased by a company and used in initiating, amplifying,
34 switching, or monitoring telecommunications services,
35 including such ancillary equipment necessary for the
36 support, regulation, control, repair, or testing of
37 such equipment.

38 NEW SUBSECTION. 2A. As used in this chapter,
39 "intangible property" includes but is not limited to
40 goodwill associated with a company.

41 NEW SUBSECTION. 3. As used in this chapter,
42 "qualified telephone company property" means telephone
43 wire, telephone cable, fiber optic cable, conduit
44 systems, poles, or other equipment owned or leased by
45 a company and used by the company to transmit sound or
46 data.

47 NEW SUBSECTION. 4. As used in this chapter,
48 "transmission equipment" means equipment owned or
49 leased by a company and used in the process of sending
50 information from one location to another location,

1 including such ancillary equipment necessary for the
2 support, regulation, control, repair, or testing of
3 such equipment.

4 Sec. 14. Section 476.1D, subsection 10, Code
5 Supplement 2011, is amended by striking the subsection.

6 Sec. 15. SAVINGS PROVISION. This division of this
7 Act, pursuant to section 4.13, does not affect the
8 operation of, or prohibit the application of, prior
9 provisions of chapter 433, or rules adopted under
10 chapter 17A to administer prior provisions of chapter
11 433, for assessment years beginning before January
12 1, 2013, and for duties, powers, protests, appeals,
13 proceedings, actions, or remedies attributable to an
14 assessment year beginning before January 1, 2013.

15 Sec. 16. IMPLEMENTATION. Section 25B.7 shall not
16 apply to this division of this Act.

17 Sec. 17. EFFECTIVE DATE.

18 1. Except as provided in subsection 2, this
19 division of this Act takes effect July 1, 2012.

20 2. The section of this division of this Act
21 amending section 476.1D takes effect July 1, 2017.

22 Sec. 18. APPLICABILITY.

23 1. Except as provided in subsection 2, this
24 division of this Act applies to assessment years
25 beginning on or after January 1, 2013.

26 2. The section of this division of this Act
27 amending section 476.1D applies to assessment years
28 beginning on or after January 1, 2018.

29 DIVISION IV
30 COUNTY AND CITY BUDGET LIMITATION

31 Sec. 19. Section 23A.2, subsection 10, paragraph h,
32 Code 2011, is amended to read as follows:

33 h. The performance of an activity listed in
34 section 331.424, Code 2011, as a service ~~for~~ which a
35 ~~supplemental levy~~ county ~~may be certified~~ include in
36 its budget.

37 Sec. 20. Section 28M.5, subsection 2, Code 2011, is
38 amended to read as follows:

39 2. If a regional transit district budget allocates
40 revenue responsibilities to the board of supervisors
41 of a participating county, the amount of the regional
42 transit district levy that is the responsibility of the
43 participating county shall be deducted from the maximum
44 ~~rates~~ amount of taxes authorized to be levied by the
45 county pursuant to section 331.423, ~~subsections 1 and~~
46 ~~2~~ subsection 3, paragraphs "b" and "c", as applicable,
47 unless the county meets its revenue responsibilities as
48 allocated in the budget from other available revenue
49 sources. However, for a regional transit district
50 that includes a county with a population of less than

1 three hundred thousand, the amount of the regional
2 transit district levy that is the responsibility of
3 such participating county shall be deducted from the
4 maximum ~~rate~~ amount of taxes authorized to be levied
5 by the county pursuant to section 331.423, subsection
6 ± 3, paragraph "b".

7 Sec. 21. Section 123.38, subsection 2, Code 2011,
8 is amended to read as follows:

9 2. Any licensee or permittee, or the licensee's
10 or permittee's executor or administrator, or any
11 person duly appointed by the court to take charge of
12 and administer the property or assets of the licensee
13 or permittee for the benefit of the licensee's or
14 permittee's creditors, may voluntarily surrender a
15 license or permit to the division. When a license
16 or permit is surrendered the division shall notify
17 the local authority, and the division or the local
18 authority shall refund to the person surrendering the
19 license or permit, a proportionate amount of the fee
20 received by the division or the local authority for
21 the license or permit as follows: if a license or
22 permit is surrendered during the first three months
23 of the period for which it was issued, the refund
24 shall be three-fourths of the amount of the fee;
25 if surrendered more than three months but not more
26 than six months after issuance, the refund shall be
27 one-half of the amount of the fee; if surrendered more
28 than six months but not more than nine months after
29 issuance, the refund shall be one-fourth of the amount
30 of the fee. No refund shall be made, however, for
31 any special liquor permit, nor for a liquor control
32 license, wine permit, or beer permit surrendered more
33 than nine months after issuance. For purposes of this
34 subsection, any portion of license or permit fees
35 used for the purposes authorized in section 331.424,
36 subsection 1, paragraph "a", subparagraphs (1) and
37 (2), Code 2011, and in section 331.424A, shall not be
38 deemed received either by the division or by a local
39 authority. No refund shall be made to any licensee or
40 permittee, upon the surrender of the license or permit,
41 if there is at the time of surrender, a complaint filed
42 with the division or local authority, charging the
43 licensee or permittee with a violation of this chapter.
44 If upon a hearing on a complaint the license or permit
45 is not revoked or suspended, then the licensee or
46 permittee is eligible, upon surrender of the license
47 or permit, to receive a refund as provided in this
48 section; but if the license or permit is revoked or
49 suspended upon hearing the licensee or permittee is not
50 eligible for the refund of any portion of the license

1 or permit fee.

2 Sec. 22. Section 218.99, Code 2011, is amended to
3 read as follows:

4 218.99 Counties to be notified of patients' personal
5 accounts.

6 The administrator in control of a state institution
7 shall direct the business manager of each institution
8 under the administrator's jurisdiction ~~which is~~
9 ~~mentioned in section 331.424, subsection 1, paragraph~~
10 ~~"a", subparagraphs (1) and (2), and for which services~~
11 are paid under section 331.424A, to quarterly inform
12 the county of legal settlement's entity designated to
13 perform the county's central point of coordination
14 process of any patient or resident who has an amount
15 in excess of two hundred dollars on account in the
16 patients' personal deposit fund and the amount on
17 deposit. The administrators shall direct the business
18 manager to further notify the entity designated to
19 perform the county's central point of coordination
20 process at least fifteen days before the release of
21 funds in excess of two hundred dollars or upon the
22 death of the patient or resident. If the patient or
23 resident has no county of legal settlement, notice
24 shall be made to the director of human services and the
25 administrator in control of the institution involved.

26 Sec. 23. Section 331.263, subsection 2, Code 2011,
27 is amended to read as follows:

28 2. The governing body of the community commonwealth
29 shall have the authority to levy county taxes and shall
30 have the authority to levy city taxes to the extent the
31 city tax levy authority is transferred by the charter
32 to the community commonwealth. A city participating
33 in the community commonwealth shall transfer a portion
34 of the city's tax levy authorized under section 384.1
35 or 384.12, whichever is applicable, to the governing
36 body of the community commonwealth. The maximum
37 ~~rates amount~~ of taxes authorized to be levied under
38 ~~sections section~~ section 384.1 and the maximum amount of taxes
39 authorized to be levied under section 384.12 by a city
40 participating in the community commonwealth shall be
41 reduced by an amount equal to the rates of the same or
42 similar taxes levied in the city by the governing body
43 of the community commonwealth.

44 Sec. 24. Section 331.301, subsection 12, Code
45 Supplement 2011, is amended to read as follows:

46 12. The board of supervisors may credit funds to
47 a reserve for the purposes authorized by subsection
48 11 of this section; ~~section 331.424, subsection 1,~~
49 ~~paragraph "a", subparagraph (6); and section 331.441,~~
50 subsection 2, paragraph "b". Moneys credited to the

1 reserve, and interest earned on such moneys, shall
2 remain in the reserve until expended for purposes
3 authorized by subsection 11 of this section; ~~section~~
4 ~~331.424, subsection 1, paragraph "a", subparagraph (6);~~
5 or section 331.441, subsection 2, paragraph "b".

6 Sec. 25. Section 331.421, subsections 1 and 10,
7 Code 2011, are amended by striking the subsections.

8 Sec. 26. Section 331.421, Code 2011, is amended by
9 adding the following new subsection:

10 NEW SUBSECTION. 7A. "Item" means a budgeted
11 expenditure, appropriation, or cash reserve from a
12 fund for a service area, program, program element, or
13 purpose.

14 Sec. 27. Section 331.423, Code 2011, is amended by
15 striking the section and inserting in lieu thereof the
16 following:

17 331.423 Property tax dollars – maximums.

18 1. Annually, the board shall determine separate
19 property tax levy limits to pay for general county
20 services and rural county services in accordance with
21 this section. The property tax levies separately
22 certified for general county services and rural county
23 services under section 331.434 shall not raise property
24 tax dollars that exceed the amount determined under
25 this section.

26 2. For purposes of this section and section
27 331.423B, unless the context otherwise requires:

28 a. "Annual growth factor" means an index, expressed
29 as a percentage, determined by the department of
30 management by January 1 of the calendar year in which
31 the budget year begins. In determining the annual
32 growth factor, the department shall calculate the
33 average of the preceding twelve-month percentage
34 change, which shall be computed on a monthly basis,
35 in the midwest consumer price index, ending with the
36 percentage change for the month of November. The
37 department shall then add that average percentage
38 change to one hundred percent. In no case, however,
39 shall the annual growth factor exceed one hundred four
40 percent.

41 b. "Boundary adjustment" means annexation,
42 severance, incorporation, or discontinuance as those
43 terms are defined in section 368.1.

44 c. "Budget year" is the fiscal year beginning
45 during the calendar year in which a budget is
46 certified.

47 d. "Current fiscal year" is the fiscal year
48 ending during the calendar year in which a budget is
49 certified.

50 e. "Net new valuation taxes" means the amount of

1 property tax dollars equal to the current fiscal year's
2 levy rate in the county for general county services or
3 for rural county services, as applicable, multiplied by
4 the increase from the current fiscal year to the budget
5 year in taxable valuation due to the following:

6 (1) Net new construction, excluding all incremental
7 valuation that is released in any one year from either
8 a division of revenue under section 260E.4 or 357H.9,
9 or an urban renewal area for which taxes were being
10 divided under section 403.19 if the property for
11 the valuation being released remains subject to the
12 division of revenue under section 260E.4 or 357H.9, or
13 remains part of the urban renewal area that is subject
14 to a division of revenue under section 403.19.

15 (2) Additions or improvements to existing
16 structures.

17 (3) Remodeling of existing structures for which a
18 building permit is required.

19 (4) Net boundary adjustment.

20 (5) A municipality no longer dividing tax revenues
21 in an urban renewal area as provided in section 403.19,
22 a community college no longer dividing revenues as
23 provided in section 260E.4, or a rural improvement zone
24 no longer dividing revenues as provided in section
25 357H.9.

26 (6) That portion of taxable property located in an
27 urban revitalization area on which an exemption was
28 allowed and such exemption has expired.

29 3. a. For the fiscal year beginning July 1, 2013,
30 and subsequent fiscal years, the maximum amount of
31 property tax dollars which may be certified for levy by
32 a county for general county services and rural county
33 services shall be the maximum property tax dollars
34 calculated under paragraphs "b" and "c", respectively.

35 b. The maximum property tax dollars that may be
36 levied for general county services is an amount equal
37 to the sum of the following:

38 (1) The annual growth factor times the current
39 fiscal year's maximum property tax dollars for general
40 county services.

41 (2) The amount of net new valuation taxes in the
42 county.

43 c. The maximum property tax dollars that may be
44 levied for rural county services is an amount equal to
45 the sum of the following:

46 (1) The annual growth factor times the current
47 fiscal year's maximum property tax dollars for rural
48 county services.

49 (2) The amount of net new valuation taxes in the
50 unincorporated area of the county.

1 4. a. For purposes of calculating maximum property
2 tax dollars for general county services for the fiscal
3 year beginning July 1, 2013, only, the term "current
4 fiscal year's maximum property tax dollars" shall mean
5 the total amount of property tax dollars certified by
6 the county for general county services for the fiscal
7 year beginning July 1, 2012.

8 b. For purposes of calculating maximum property tax
9 dollars for rural county services for the fiscal year
10 beginning July 1, 2013, only, the term "current fiscal
11 year's maximum property tax dollars" shall mean the
12 total amount of property tax dollars certified by the
13 county for rural county services for the fiscal year
14 beginning July 1, 2012.

15 5. Property taxes certified for mental health,
16 mental retardation, and developmental disabilities
17 services, the emergency services fund in section
18 331.424C, the debt service fund in section 331.430,
19 any capital projects fund established by the county
20 for deposit of bond, loan, or note proceeds, and
21 any temporary increase approved pursuant to section
22 331.424, are not included in the maximum amount of
23 property tax dollars that may be certified for a budget
24 year under subsection 3.

25 6. The department of management, in consultation
26 with the county finance committee, shall adopt rules
27 to administer this section. The department shall
28 prescribe forms to be used by counties when making
29 calculations required by this section.

30 Sec. 28. NEW SECTION. 331.423B Ending fund
31 balance.

32 1. a. Budgeted ending fund balances for a budget
33 year in excess of twenty-five percent of budgeted
34 expenditures in either the general fund or rural
35 services fund for that budget year shall be explicitly
36 reserved or designated for a specific purpose.

37 b. A county is encouraged, but not required, to
38 reduce ending fund balances for the budget year to an
39 amount equal to approximately twenty-five percent of
40 budgeted expenditures and transfers from the general
41 fund and rural services fund for that budget year
42 unless a decision is certified by the state appeal
43 board ordering a reduction in the ending fund balance
44 of any of those funds.

45 c. In a protest to the county budget under section
46 331.436, the county shall have the burden of proving
47 that the budgeted balances in excess of twenty-five
48 percent are reasonably likely to be appropriated for
49 the explicitly reserved or designated specific purpose.
50 The excess budgeted balance for the specific purpose

1 shall be considered an increase in an item in the
2 budget for purposes of section 24.28.

3 2. a. For a county that has, as of June 30, 2012,
4 reduced its actual ending fund balance to less than
5 twenty-five percent of actual expenditures, additional
6 property taxes may be computed and levied as provided
7 in this subsection. The additional property tax levy
8 amount is an amount not to exceed twenty-five percent
9 of actual expenditures from the general fund and rural
10 services fund for the fiscal year beginning July 1,
11 2011, minus the combined ending fund balances for those
12 funds for that year.

13 b. The amount of the additional property taxes
14 shall be apportioned between the general fund and the
15 rural services fund. However, the amount apportioned
16 for general county services and for rural county
17 services shall not exceed for each fund twenty-five
18 percent of actual expenditures for the fiscal year
19 beginning July 1, 2011.

20 c. All or a portion of additional property tax
21 dollars may be levied for the purpose of increasing
22 cash reserves for general county services and rural
23 county services in the budget year. The additional
24 property tax dollars authorized under this subsection
25 but not levied may be carried forward as unused ending
26 fund balance taxing authority until and for the fiscal
27 year beginning July 1, 2018. The amount carried
28 forward shall not exceed twenty-five percent of the
29 maximum amount of property tax dollars available in
30 the current fiscal year. Additionally, property taxes
31 that are levied as unused ending fund balance taxing
32 authority under this subsection may be the subject of
33 a protest under section 331.436, and the amount will
34 be considered an increase in an item in the budget for
35 purposes of section 24.28. The amount of additional
36 property taxes levied under this subsection shall not
37 be included in the computation of the maximum amount of
38 property tax dollars which may be certified and levied
39 under section 331.423.

40 Sec. 29. Section 331.424, Code 2011, is amended by
41 striking the section and inserting in lieu thereof the
42 following:

43 331.424 Authority to levy beyond maximum property
44 tax dollars.

45 1. The board may certify additions to the maximum
46 amount of property tax dollars to be levied for
47 a period of time not to exceed two years if the
48 proposition has been submitted at a special election
49 and received a favorable majority of the votes cast on
50 the proposition.

1 2. The special election is subject to the
2 following:
3 a. The board must give at least thirty-two days'
4 notice to the county commissioner of elections that the
5 special election is to be held. In no case, however,
6 shall a notice be given to the county commissioner
7 of elections after December 31 for an election on a
8 proposition to exceed the statutory limits during the
9 fiscal year beginning in the next calendar year.
10 b. The special election shall be conducted by the
11 county commissioner of elections in accordance with
12 law.
13 c. The proposition to be submitted shall be
14 substantially in the following form:
15 Vote "yes" or "no" on the following: Shall the
16 county of _____ levy for an additional \$_____ each
17 year for ____ years beginning July 1, _____, in excess
18 of the statutory limits otherwise applicable for the
19 (general county services or rural services) fund?
20 d. The canvass shall be held beginning at 1:00 p.m.
21 on the second day which is not a holiday following the
22 special election.
23 e. Notice of the special election shall be
24 published at least once in a newspaper as specified
25 in section 331.305 prior to the date of the special
26 election. The notice shall appear as early as
27 practicable after the board has voted to submit a
28 proposition to the voters to levy additional property
29 tax dollars.
30 3. Registered voters in the county may vote on the
31 proposition to increase property taxes for the general
32 fund in excess of the statutory limit. Registered
33 voters residing outside the corporate limits of a
34 city within the county may vote on the proposition to
35 increase property taxes for the rural services fund in
36 excess of the statutory limit.
37 4. The amount of additional property tax dollars
38 certified under this section shall not be included in
39 the computation of the maximum amount of property tax
40 dollars which may be certified and levied under section
41 331.423.
42 Sec. 30. Section 331.424A, subsection 4, Code
43 Supplement 2011, is amended to read as follows:
44 4. For the fiscal year beginning July 1, 1996,
45 and for each subsequent fiscal year, the county shall
46 certify a levy for payment of services. For each
47 fiscal year, county revenues from taxes imposed by the
48 county credited to the services fund shall not exceed
49 an amount equal to the amount of base year expenditures
50 for services as defined in section 331.438, less the

1 amount of property tax relief to be received pursuant
2 to section 426B.2, in the fiscal year for which the
3 budget is certified. The county auditor and the
4 board of supervisors shall reduce the amount of the
5 levy certified for the services fund by the amount of
6 property tax relief to be received. A levy certified
7 under this section is not subject to ~~the appeal~~
8 ~~provisions of section 331.426 or to any other provision~~
9 in law authorizing a county to exceed, increase, or
10 appeal a property tax levy limit.

11 Sec. 31. Section 331.427, subsection 3, paragraph
12 1, Code 2011, is amended to read as follows:

13 1. Services listed in section 331.424, subsection
14 1, Code 2011, and section 331.554.

15 Sec. 32. Section 331.428, subsection 2, paragraph
16 d, Code 2011, is amended to read as follows:

17 d. Services listed under section 331.424,
18 subsection 2, Code 2011.

19 Sec. 33. Section 331.434, subsection 1, Code 2011,
20 is amended to read as follows:

21 1. The budget shall show the amount required for
22 each class of proposed expenditures, a comparison of
23 the amounts proposed to be expended with the amounts
24 expended for like purposes for the two preceding years,
25 the revenues from sources other than property taxation,
26 and the amount to be raised by property taxation, in
27 the detail and form prescribed by the director of the
28 department of management. For each county that has
29 established an urban renewal area, the budget shall
30 include estimated and actual tax increment financing
31 revenues and all estimated and actual expenditures of
32 the revenues, proceeds from debt and all estimated
33 and actual expenditures of the debt proceeds, and
34 identification of any entity receiving a direct payment
35 of taxes funded by tax increment financing revenues
36 and shall include the total amount of loans, advances,
37 indebtedness, or bonds outstanding at the close of
38 the most recently ended fiscal year, which qualify
39 for payment from the special fund created in section
40 403.19, including interest negotiated on such loans,
41 advances, indebtedness, or bonds. For purposes of this
42 subsection, "indebtedness" includes written agreements
43 whereby the county agrees to suspend, abate, exempt,
44 rebate, refund, or reimburse property taxes, provide a
45 grant for property taxes paid, or make a direct payment
46 of taxes, with moneys in the special fund. The amount
47 of loans, advances, indebtedness, or bonds shall be
48 listed in the aggregate for each county reporting. ~~The~~
49 ~~county finance committee, in consultation with the~~
50 ~~department of management and the legislative services~~

1 ~~agency, shall determine reporting criteria and shall~~
2 ~~prepare a form for reports filed with the department~~
3 ~~pursuant to this section. The department shall make~~
4 ~~the information available by electronic means.~~

5 Sec. 34. Section 373.10, Code 2011, is amended to
6 read as follows:

7 373.10 Taxing authority.

8 The metropolitan council shall have the authority
9 to levy city taxes to the extent the city tax levy
10 authority is transferred by the charter to the
11 metropolitan council. A member city shall transfer
12 a portion of the city's tax levy authorized under
13 section 384.1 or 384.12, whichever is applicable, to
14 the metropolitan council. The maximum ~~rates~~ amount of
15 taxes authorized to be levied under ~~sections~~ section
16 384.1 and the taxes authorized to be levied under
17 section

18 384.12 by a member city shall be reduced by an amount
19 equal to the rates of the same or similar taxes levied
20 in the city by the metropolitan council.

21 Sec. 35. Section 384.1, Code 2011, is amended by
22 striking the section and inserting in lieu thereof the
23 following:

24 384.1 Property tax dollars - maximums.

25 1. A city shall certify taxes to be levied by the
26 city on all taxable property within the city limits,
27 for all city government purposes. Annually, the city
28 council may certify basic levies for city government
29 purposes, subject to the limitation on property tax
30 dollars provided in this section.

31 2. For purposes of this section and section 384.1B,
32 unless the context otherwise requires:

33 a. "Annual growth factor" means an index, expressed
34 as a percentage, determined by the department of
35 management by January 1 of the calendar year in which
36 the budget year begins. In determining the annual
37 growth factor, the department shall calculate the
38 average of the preceding twelve-month percentage
39 change, which shall be computed on a monthly basis,
40 in the midwest consumer price index, ending with the
41 percentage change for the month of November. The
42 department shall then add that average percentage
43 change to one hundred percent. In no case, however,
44 shall the annual growth factor exceed one hundred four
45 percent.

46 b. "Boundary adjustment" means annexation,
47 severance, incorporation, or discontinuance as those
48 terms are defined in section 368.1.

49 c. "Budget year" is the fiscal year beginning
50 during the calendar year in which a budget is

1 certified.

2 d. "Current fiscal year" is the fiscal year
3 ending during the calendar year in which a budget is
4 certified.

5 e. "Net new valuation taxes" means the amount of
6 property tax dollars equal to the current fiscal year's
7 levy rate in the city for the general fund multiplied
8 by the increase from the current fiscal year to the
9 budget year in taxable valuation due to the following:

10 (1) Net new construction, excluding all incremental
11 valuation that is released in any one year from either
12 a division of revenue under section 260E.4 or an urban
13 renewal area for which taxes were being divided under
14 section 403.19 if the property for the valuation being
15 released remains subject to the division of revenue
16 under section 260E.4 or remains part of the urban
17 renewal area that is subject to a division of revenue
18 under section 403.19.

19 (2) Additions or improvements to existing
20 structures.

21 (3) Remodeling of existing structures for which a
22 building permit is required.

23 (4) Net boundary adjustment.

24 (5) A municipality no longer dividing tax revenues
25 in an urban renewal area as provided in section 403.19
26 or a community college no longer dividing revenues as
27 provided in section 260E.4.

28 (6) That portion of taxable property located in an
29 urban revitalization area on which an exemption was
30 allowed and such exemption has expired.

31 3. a. For the fiscal year beginning July 1, 2013,
32 and subsequent fiscal years, the maximum amount of
33 property tax dollars which may be certified for levy
34 by a city for the general fund shall be the maximum
35 property tax dollars calculated under paragraph "b".

36 b. The maximum property tax dollars that may be
37 levied for deposit in the general fund is an amount
38 equal to the sum of the following:

39 (1) The annual growth factor times the current
40 fiscal year's maximum property tax dollars for the
41 general fund.

42 (2) The amount of net new valuation taxes in the
43 city.

44 4. For purposes of calculating maximum property tax
45 dollars for the city general fund for the fiscal year
46 beginning July 1, 2013, only, the term "current fiscal
47 year's maximum property tax dollars" shall mean the
48 total amount of property tax dollars certified by the
49 city for the city's general fund for the fiscal year
50 beginning July 1, 2012.

1 5. Property taxes certified for deposit in the
2 debt service fund in section 384.4, trust and agency
3 funds in section 384.6, capital improvements reserve
4 fund in section 384.7, the emergency fund in section
5 384.8, any capital projects fund established by the
6 city for deposit of bond, loan, or note proceeds,
7 any temporary increase approved pursuant to section
8 384.12A, property taxes collected from a voted levy
9 in section 384.12, and property taxes levied under
10 section 384.12, subsection 18, are not counted against
11 the maximum amount of property tax dollars that may be
12 certified for a fiscal year under subsection 3.

13 6. Notwithstanding the maximum amount of taxes
14 a city may certify for levy, the tax levied by a
15 city on tracts of land and improvements on the
16 tracts of land used and assessed for agricultural or
17 horticultural purposes shall not exceed three dollars
18 and three-eighths cents per thousand dollars of
19 assessed value in any year. Improvements located on
20 such tracts of land and not used for agricultural or
21 horticultural purposes and all residential dwellings
22 are subject to the same rate of tax levied by the city
23 on all other taxable property within the city.

24 7. The department of management, in consultation
25 with the city finance committee, shall adopt rules
26 to administer this section. The department shall
27 prescribe forms to be used by cities when making
28 calculations required by this section.

29 Sec. 36. NEW SECTION. 384.1B Ending fund balance.

30 1. a. Budgeted ending fund balances for a budget
31 year in excess of twenty-five percent of budgeted
32 expenditures from the general fund for that budget
33 year shall be explicitly reserved or designated for a
34 specific purpose.

35 b. A city is encouraged, but not required, to
36 reduce ending fund balances for the budget year to
37 an amount equal to approximately twenty-five percent
38 of budgeted expenditures and transfers from the
39 general fund for that budget year unless a decision
40 is certified by the state appeal board ordering a
41 reduction in the ending fund balance of the fund.

42 c. In a protest to the city budget under section
43 384.19, the city shall have the burden of proving
44 that the budgeted balances in excess of twenty-five
45 percent are reasonably likely to be appropriated for
46 the explicitly reserved or designated specific purpose.
47 The excess budgeted balance for the specific purpose
48 shall be considered an increase in an item in the
49 budget for purposes of section 24.28.

50 2. a. For a city that has, as of June 30,

1 2012, reduced its ending fund balance to less than
2 twenty-five percent of actual expenditures, additional
3 property taxes may be computed and levied as provided
4 in this subsection. The additional property tax levy
5 amount is an amount not to exceed the difference
6 between twenty-five percent of actual expenditures for
7 city government purposes for the fiscal year beginning
8 July 1, 2011, minus the ending fund balance for that
9 year.

10 b. All or a portion of additional property tax
11 dollars may be levied for the purpose of increasing
12 cash reserves for city government purposes in the
13 budget year. The additional property tax dollars
14 authorized under this subsection but not levied may be
15 carried forward as unused ending fund balance taxing
16 authority until and for the fiscal year beginning
17 July 1, 2018. The amount carried forward shall not
18 exceed twenty-five percent of the maximum amount of
19 property tax dollars available in the current fiscal
20 year. Additionally, property taxes that are levied
21 as unused ending fund balance taxing authority under
22 this subsection may be the subject of a protest under
23 section 384.19, and the amount will be considered an
24 increase in an item in the budget for purposes of
25 section 24.28. The amount of additional property tax
26 dollars levied under this subsection shall not be
27 included in the computation of the maximum amount of
28 property tax dollars which may be certified and levied
29 under section 384.1.

30 Sec. 37. Section 384.12, subsection 20, Code 2011,
31 is amended by striking the subsection.

32 Sec. 38. NEW SECTION. 384.12A Authority to levy
33 beyond maximum property tax dollars.

34 1. The city council may certify additions to the
35 maximum amount of property tax dollars to be levied
36 for a period of time not to exceed two years if the
37 proposition has been submitted at a special election
38 and received a favorable majority of the votes cast on
39 the proposition.

40 2. The special election is subject to the
41 following:

42 a. The city council must give at least thirty-two
43 days' notice to the county commissioner of elections
44 that the special election is to be held. In no
45 case, however, shall a notice be given to the county
46 commissioner of elections after December 31 for an
47 election on a proposition to exceed the statutory
48 limits during the fiscal year beginning in the next
49 calendar year.

50 b. The special election shall be conducted by the

1 county commissioner of elections in accordance with
2 law.

3 c. The proposition to be submitted shall be
4 substantially in the following form:

5 Vote "yes" or "no" on the following: Shall the city
6 of _____ levy for an additional \$_____ each year
7 for ____ years beginning next July 1, _____, in excess of
8 the statutory limits otherwise applicable for the city
9 general fund?

10 d. The canvass shall be held beginning at 1:00 p.m.
11 on the second day which is not a holiday following the
12 special election.

13 e. Notice of the special election shall be
14 published at least once in a newspaper as specified
15 in section 362.3 prior to the date of the special
16 election. The notice shall appear as early as
17 practicable after the city council has voted to submit
18 a proposition to the voters to levy additional property
19 tax dollars.

20 3. The amount of additional property tax dollars
21 certified under this section shall not be included in
22 the computation of the maximum amount of property tax
23 dollars which may be certified and levied under section
24 384.1.

25 Sec. 39. Section 384.16, subsection 1, paragraph b,
26 Code 2011, is amended to read as follows:

27 b. A budget must show comparisons between the
28 estimated expenditures in each program in the following
29 year, the latest estimated expenditures in each program
30 in the current year, and the actual expenditures in
31 each program from the annual report as provided in
32 section 384.22, or as corrected by a subsequent audit
33 report. Wherever practicable, as provided in rules
34 of the committee, a budget must show comparisons
35 between the levels of service provided by each program
36 as estimated for the following year, and actual
37 levels of service provided by each program during
38 the two preceding years. For each city that has
39 established an urban renewal area, the budget shall
40 include estimated and actual tax increment financing
41 revenues and all estimated and actual expenditures of
42 the revenues, proceeds from debt and all estimated
43 and actual expenditures of the debt proceeds, and
44 identification of any entity receiving a direct payment
45 of taxes funded by tax increment financing revenues
46 and shall include the total amount of loans, advances,
47 indebtedness, or bonds outstanding at the close of
48 the most recently ended fiscal year, which qualify
49 for payment from the special fund created in section
50 403.19, including interest negotiated on such loans,

1 advances, indebtedness, or bonds. The amount of loans,
2 advances, indebtedness, or bonds shall be listed in the
3 aggregate for each city reporting. ~~The city finance~~
4 ~~committee, in consultation with the department of~~
5 ~~management and the legislative services agency, shall~~
6 ~~determine reporting criteria and shall prepare a form~~
7 ~~for reports filed with the department pursuant to this~~
8 ~~section. The department shall make the information~~
9 ~~available by electronic means.~~

10 Sec. 40. Section 384.19, Code 2011, is amended by
11 adding the following new unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. For purposes of a tax
13 protest filed under this section, "item" means a
14 budgeted expenditure, appropriation, or cash reserve
15 from a fund for a service area, program, program
16 element, or purpose.

17 Sec. 41. Section 386.8, Code 2011, is amended to
18 read as follows:

19 386.8 Operation tax.

20 A city may establish a self-supported improvement
21 district operation fund, and may certify taxes not
22 to exceed the rate limitation as established in the
23 ordinance creating the district, or any amendment
24 thereto, each year to be levied for the fund against
25 all of the property in the district, for the purpose
26 of paying the administrative expenses of the district,
27 which may include but are not limited to administrative
28 personnel salaries, a separate administrative office,
29 planning costs including consultation fees, engineering
30 fees, architectural fees, and legal fees and all other
31 expenses reasonably associated with the administration
32 of the district and the fulfilling of the purposes of
33 the district. The taxes levied for this fund may also
34 be used for the purpose of paying maintenance expenses
35 of improvements or self-liquidating improvements for a
36 specified length of time with one or more options to
37 renew if such is clearly stated in the petition which
38 requests the council to authorize construction of the
39 improvement or self-liquidating improvement, whether
40 or not such petition is combined with the petition
41 requesting creation of a district. Parcels of property
42 which are assessed as residential property for property
43 tax purposes are exempt from the tax levied under this
44 section except residential properties within a duly
45 designated historic district. A tax levied under
46 this section is not subject to the ~~levy~~ limitation in
47 section 384.1.

48 Sec. 42. Section 386.9, Code 2011, is amended to
49 read as follows:

50 386.9 Capital improvement tax.

1 A city may establish a capital improvement fund
2 for a district and may certify taxes, not to exceed
3 the rate established by the ordinance creating the
4 district, or any subsequent amendment thereto,
5 each year to be levied for the fund against all of
6 the property in the district, for the purpose of
7 accumulating moneys for the financing or payment
8 of a part or all of the costs of any improvement or
9 self-liquidating improvement. However, parcels of
10 property which are assessed as residential property
11 for property tax purposes are exempt from the tax
12 levied under this section except residential properties
13 within a duly designated historic district. A tax
14 levied under this section is not subject to the ~~levy~~
15 limitations in section 384.1 or 384.7.

16 Sec. 43. REPEAL. Sections 331.425 and 331.426,
17 Code 2011, are repealed.

18 Sec. 44. APPLICABILITY. This division of this Act
19 applies to fiscal years beginning on or after July 1,
20 2013.

21 DIVISION V

22 BUSINESS PROPERTY TAX CREDIT

23 Sec. 45. Section 331.512, Code 2011, is amended by
24 adding the following new subsection:

25 NEW SUBSECTION. 13B. Carry out duties relating to
26 the business property tax credit as provided in chapter
27 426C.

28 Sec. 46. Section 331.559, Code 2011, is amended by
29 adding the following new subsection:

30 NEW SUBSECTION. 14A. Carry out duties relating to
31 the business property tax credit as provided in chapter
32 426C.

33 Sec. 47. NEW SECTION. 426C.1 Definitions.

34 For the purposes of this chapter, unless the context
35 otherwise requires:

36 1. "Contiguous parcels" means any of the following:

37 a. Parcels that share a common boundary.

38 b. Parcels within the same building or structure
39 regardless of whether the parcels share a common
40 boundary.

41 c. Permanent improvements to the land that are
42 situated on one or more parcels of land that are
43 assessed and taxed separately from the permanent
44 improvements if the parcels of land upon which the
45 permanent improvements are situated share a common
46 boundary.

47 2. "Department" means the department of revenue.

48 3. "Fund" means the business property tax credit
49 fund created in section 426C.2.

50 4. "Parcel" means as defined in section 445.1.

1 5. "Property unit" means contiguous parcels all of
2 which are located within the same county, with the same
3 property tax classification, each of which contains
4 permanent improvements, are owned by the same person,
5 and are operated by that person for a common use and
6 purpose.

7 Sec. 48. NEW SECTION. 426C.2 Business property tax
8 credit fund – appropriation.

9 1. A business property tax credit fund is created
10 in the state treasury under the authority of the
11 department. For the fiscal year beginning July 1,
12 2014, there is appropriated from the general fund of
13 the state to the department to be credited to the
14 fund, the sum of twenty-four million dollars to be
15 used for business property tax credits authorized in
16 this chapter. For the fiscal year beginning July 1,
17 2015, there is appropriated from the general fund of
18 the state to the department to be credited to the fund,
19 the sum of forty-eight million dollars. For the fiscal
20 year beginning July 1, 2016, there is appropriated from
21 the general fund of the state to the department to be
22 credited to the fund, the sum of seventy-two million
23 dollars. For the fiscal year beginning July 1, 2017,
24 there is appropriated from the general fund of the
25 state to the department to be credited to the fund,
26 the sum of ninety-six million dollars. For the fiscal
27 year beginning July 1, 2018, and each fiscal year
28 thereafter, there is appropriated from the general fund
29 of the state to the department to be credited to the
30 fund, the sum of one hundred twenty million dollars.

31 2. Notwithstanding section 12C.7, subsection 2,
32 interest or earnings on moneys deposited in the fund
33 shall be credited to the fund. Moneys in the fund are
34 not subject to the provisions of section 8.33 and shall
35 not be transferred, used, obligated, appropriated,
36 or otherwise encumbered except as provided in this
37 chapter.

38 Sec. 49. NEW SECTION. 426C.3 Claims for credit.

39 1. Each person who wishes to claim the credit
40 allowed under this chapter shall obtain the appropriate
41 forms from the assessor and file the claim with the
42 assessor. The director of revenue shall prescribe
43 suitable forms and instructions for such claims, and
44 make such forms and instructions available to the
45 assessors.

46 2. a. Claims for the business property tax credit
47 shall be filed not later than March 15 preceding the
48 fiscal year during which the taxes for which the credit
49 is claimed are due and payable.

50 b. A claim filed after the deadline for filing

1 claims shall be considered as a claim for the following
2 year.

3 3. Upon the filing of a claim and allowance of the
4 credit, the credit shall be allowed on the parcel or
5 property unit for successive years without further
6 filing as long as the parcel or property unit satisfies
7 the requirements for the credit. If the parcel or
8 property unit owner ceases to qualify for the credit
9 under this chapter, the owner shall provide written
10 notice to the assessor by the date for filing claims
11 specified in subsection 2 following the date on which
12 the parcel or property unit ceases to qualify for the
13 credit.

14 4. When all or a portion of a parcel or property
15 unit that is allowed a credit under this chapter is
16 sold, transferred, or ownership otherwise changes, the
17 buyer, transferee, or new owner who wishes to receive
18 the credit shall refile the claim for credit. In
19 addition, when a portion of a parcel or property unit
20 that is allowed a credit under this chapter is sold,
21 transferred, or ownership otherwise changes, the owner
22 of the portion of the parcel or property unit for which
23 ownership did not change shall refile the claim for
24 credit.

25 5. The assessor shall remit the claims for
26 credit to the county auditor with the assessor's
27 recommendation for allowance or disallowance. If
28 the assessor recommends disallowance of a claim,
29 the assessor shall submit the reasons for the
30 recommendation, in writing, to the county auditor. The
31 county auditor shall forward the claims to the board
32 of supervisors. The board shall allow or disallow the
33 claims.

34 6. For each claim and allowance of a credit for
35 a property unit, the county auditor shall calculate
36 the average of all consolidated levy rates applicable
37 to the several parcels within the property unit. All
38 claims for credit which have been allowed by the board
39 of supervisors, the actual value of the permanent
40 improvements to such parcels and property units
41 applicable to the fiscal year for which the credit is
42 claimed that are subject to assessment and taxation
43 prior to imposition of any applicable assessment
44 limitation, the consolidated levy rates for such
45 parcels and the average consolidated levy rates for
46 such property units applicable to the fiscal year for
47 which the credit is claimed, and the taxing districts
48 in which the parcel or property unit is located, shall
49 be certified on or before June 30, in each year, by the
50 county auditor to the department.

1 7. The assessor shall maintain a permanent file of
2 current business property tax credits. The assessor
3 shall file a notice of transfer of property for which a
4 credit has been allowed when notice is received from
5 the office of the county recorder, from the person
6 who sold or transferred the property, or from the
7 personal representative of a deceased property owner.
8 The county recorder shall give notice to the assessor
9 of each transfer of title filed in the recorder's
10 office. The notice from the county recorder shall
11 describe the property transferred, the name of the
12 person transferring title to the property, and the name
13 of the person to whom title to the property has been
14 transferred.

15 Sec. 50. NEW SECTION. 426C.4 Eligibility and
16 amount of credit.

17 1. Each parcel classified and taxed as commercial
18 property, industrial property, or railway property
19 under chapter 434, and improved with permanent
20 construction, is eligible for a credit under this
21 chapter. A person may claim and receive one credit
22 under this chapter for each eligible parcel unless
23 the parcel is part of a property unit. A person
24 may only claim and receive one credit under this
25 chapter for each property unit. A credit approved
26 for a property unit shall be allocated to the several
27 parcels within the property unit in the proportion
28 that each parcel's total amount of property taxes due
29 and payable attributable to the permanent improvements
30 bears to the total amount of property taxes due and
31 payable attributable to the permanent improvements for
32 the property unit. Only property units comprised of
33 commercial property, comprised of industrial property,
34 or comprised of railway property under chapter 434 are
35 eligible for a credit under this chapter.

36 2. Using the actual value of the permanent
37 improvements and the consolidated levy rate for each
38 parcel or the average consolidated levy rate for each
39 property unit, as certified by the county auditor
40 to the department under section 426C.3, subsection
41 6, the department shall calculate, for each fiscal
42 year, an initial amount of actual value of permanent
43 improvements for use in determining the amount of the
44 credit for each such parcel or property unit so as
45 to provide the maximum possible credit according to
46 the credit formula and limitations under subsection
47 3, and to provide a total dollar amount of credits
48 against the taxes due and payable in the fiscal year
49 equal to ninety-eight percent of the moneys in the fund
50 following the deposit of the appropriation for the

1 fiscal year.

2 3. a. The amount of the credit for each parcel or
3 property unit for which a claim for credit under this
4 chapter has been approved shall be calculated under
5 paragraph "b" using the lesser of the initial amount of
6 actual value of the permanent improvements determined
7 by the department under subsection 2, and the actual
8 value of the permanent improvements to the parcel or
9 property unit as certified by the county auditor under
10 section 426C.3, subsection 6.

11 b. The amount of the credit for each parcel or
12 property unit for which a claim for credit under
13 this chapter has been approved shall be equal to the
14 amount of actual value determined under paragraph "a"
15 multiplied by the difference, stated as a percentage,
16 between the assessment limitation applicable to
17 the parcel or property unit under section 441.21,
18 subsection 5, and the assessment limitation applicable
19 to residential property under section 441.21,
20 subsection 4, divided by one thousand dollars, and then
21 multiplied by the consolidated levy rate or average
22 consolidated levy rate for one thousand dollars of
23 taxable value applicable to the parcel or property unit
24 for the fiscal year for which the credit is claimed as
25 certified by the county auditor under section 426C.3,
26 subsection 6.

27 Sec. 51. NEW SECTION. 426C.5 Payment to counties.

28 1. Annually the department shall certify to the
29 county auditor of each county the amounts of the
30 business property tax credits allowed in the county.
31 Each county auditor shall then enter the credits
32 against the tax levied on each eligible parcel or
33 property unit in the county, designating on the tax
34 lists the credit as being from the fund. Each taxing
35 district shall receive its share of the business
36 property tax credit allowed on each eligible parcel
37 or property unit in such taxing district, in the
38 proportion that the levy made by such taxing district
39 upon the parcel or property unit bears to the total
40 levy upon the parcel or property unit by all taxing
41 districts imposing a property tax in such taxing
42 district. However, the several taxing districts
43 shall not draw the moneys so credited until after the
44 semiannual allocations have been received by the county
45 treasurer, as provided in this section. Each county
46 treasurer shall show on each tax receipt the amount of
47 credit received from the fund.

48 2. The director of the department of administrative
49 services shall issue warrants on the fund payable to
50 the county treasurers of the several counties of the

1 state under this chapter.

2 3. The amount due each county shall be paid in two
3 payments on November 15 and March 15 of each fiscal
4 year, drawn upon warrants payable to the respective
5 county treasurers. The two payments shall be as nearly
6 equal as possible.

7 Sec. 52. NEW SECTION. 426C.6 Appeals.

8 1. If the board of supervisors disallows a claim
9 for credit under section 426C.3, subsection 5, the
10 board of supervisors shall send written notice, by
11 mail, to the claimant at the claimant's last known
12 address. The notice shall state the reasons for
13 disallowing the claim for the credit. The board of
14 supervisors is not required to send notice that a claim
15 for credit is disallowed if the claimant voluntarily
16 withdraws the claim. Any person whose claim is denied
17 under the provisions of this chapter may appeal from
18 the action of the board of supervisors to the district
19 court of the county in which the parcel or property
20 unit is located by giving written notice of such appeal
21 to the county auditor within twenty days from the date
22 of mailing of notice of such action by the board of
23 supervisors.

24 2. If any claim for credit has been denied by the
25 board of supervisors, and such action is subsequently
26 reversed on appeal, the credit shall be allowed on the
27 applicable parcel or property unit, and the director of
28 revenue, the county auditor, and the county treasurer
29 shall provide the credit and change their books and
30 records accordingly. In the event the appealing
31 taxpayer has paid one or both of the installments of
32 the tax payable in the year or years in question,
33 remittance shall be made to such taxpayer of the amount
34 of such credit. The amount of such credit awarded on
35 appeal shall be allocated and paid from the balance
36 remaining in the fund.

37 Sec. 53. NEW SECTION. 426C.7 Audit - denial.

38 1. If on the audit of a credit provided under this
39 chapter, the director of revenue determines the amount
40 of the credit to have been incorrectly calculated or
41 that the credit is not allowable, the director shall
42 recalculate the credit and notify the taxpayer and the
43 county auditor of the recalculation or denial and the
44 reasons for it. The director shall not adjust a credit
45 after three years from October 31 of the year in which
46 the claim for the credit was filed. If the credit has
47 been paid, the director shall give notification to the
48 taxpayer, the county treasurer, and the applicable
49 assessor of the recalculation or denial of the credit
50 and the county treasurer shall proceed to collect the

1 tax owed in the same manner as other property taxes due
2 and payable are collected, if the parcel or property
3 unit for which the credit was allowed is still owned
4 by the taxpayer. If the parcel or property unit
5 for which the credit was allowed is not owned by the
6 taxpayer, the amount may be recovered from the taxpayer
7 by assessment in the same manner that income taxes are
8 assessed under sections 422.26 and 422.30. The amount
9 of such erroneous credit, when collected, shall be
10 deposited in the fund.

11 2. The taxpayer or board of supervisors may
12 appeal any decision of the director of revenue to the
13 state board of tax review pursuant to section 421.1,
14 subsection 5. The taxpayer, the board of supervisors,
15 or the director of revenue may seek judicial review
16 of the action of the state board of tax review in
17 accordance with chapter 17A.

18 Sec. 54. NEW SECTION. 426C.8 False claim –
19 penalty.

20 A person who makes a false claim for the purpose of
21 obtaining a credit provided for in this chapter or who
22 knowingly receives the credit without being legally
23 entitled to it is guilty of a fraudulent practice. The
24 claim for a credit of such a person shall be disallowed
25 and if the credit has been paid the amount shall be
26 recovered in the manner provided in section 426C.7. In
27 such cases, the director of revenue shall send a notice
28 of disallowance of the credit.

29 Sec. 55. NEW SECTION. 426C.9 Rules.

30 The director of revenue shall prescribe forms,
31 instructions, and rules pursuant to chapter 17A, as
32 necessary, to carry out the purposes of this chapter.

33 Sec. 56. APPLICABILITY. This division of this Act
34 applies to property taxes due and payable in fiscal
35 years beginning on or after July 1, 2014.

36 DIVISION VI

37 MULTIRESIDENTIAL PROPERTY CLASSIFICATION

38 Sec. 57. Section 404.2, subsection 2, paragraph f,
39 Code 2011, is amended to read as follows:

40 f. A statement specifying whether the
41 revitalization is applicable to none, some, or all of
42 the property assessed as residential, multiresidential,
43 agricultural, commercial, or industrial property
44 within the designated area or a combination thereof and
45 whether the revitalization is for rehabilitation and
46 additions to existing buildings or new construction or
47 both. If revitalization is made applicable only to
48 some property within an assessment classification, the
49 definition of that subset of eligible property must
50 be by uniform criteria which further some planning

1 objective identified in the plan. The city shall state
2 how long it is estimated that the area shall remain
3 a designated revitalization area which time shall
4 be longer than one year from the date of designation
5 and shall state any plan by the city to issue revenue
6 bonds for revitalization projects within the area. For
7 a county, a revitalization area shall include only
8 property which will be used as industrial property,
9 commercial property, ~~commercial property consisting of~~
10 ~~three or more separate living quarters with at least~~
11 ~~seventy five percent of the space used for residential~~
12 ~~purposes, multiresidential property, or residential~~
13 property. However, a county shall not provide a tax
14 exemption under this chapter to commercial property,
15 ~~commercial property consisting of three or more~~
16 ~~separate living quarters with at least seventy five~~
17 ~~percent of the space used for residential purposes,~~
18 multiresidential property, or residential property
19 which is located within the limits of a city.

20 Sec. 58. Section 404.3, subsection 4, Code 2011, is
21 amended to read as follows:

22 4. All qualified real estate assessed as
23 residential property ~~or assessed as commercial~~
24 ~~property, if the commercial property consists of~~
25 ~~three or more separate living quarters with at least~~
26 ~~seventy five percent of the space used for residential~~
27 ~~purposes, or assessed as multiresidential property is~~
28 eligible to receive a one hundred percent exemption
29 from taxation on the actual value added by the
30 improvements. The exemption is for a period of ten
31 years.

32 Sec. 59. Section 441.21, subsection 8, paragraph b,
33 Code Supplement 2011, is amended to read as follows:

34 b. Notwithstanding paragraph "a", any construction
35 or installation of a solar energy system on property
36 classified as agricultural, residential, commercial,
37 multiresidential, or industrial property shall not
38 increase the actual, assessed, and taxable values of
39 the property for five full assessment years.

40 Sec. 60. Section 441.21, subsections 9 and 10, Code
41 Supplement 2011, are amended to read as follows:

42 9. Not later than November 1, 1979, and November
43 1 of each subsequent year, the director shall
44 certify to the county auditor of each county the
45 percentages of actual value at which residential
46 property, agricultural property, commercial property,
47 industrial property, multiresidential property, and
48 property valued by the department of revenue pursuant
49 to chapters 428, 433, 434, 437, and 438 in each
50 assessing jurisdiction in the county shall be assessed

1 for taxation. The county auditor shall proceed
2 to determine the assessed values of agricultural
3 property, residential property, commercial property,
4 industrial property, multiresidential property, and
5 property valued by the department of revenue pursuant
6 to chapters 428, 433, 434, 437, and 438 by applying
7 such percentages to the current actual value of such
8 property, as reported to the county auditor by the
9 assessor, and the assessed values so determined shall
10 be the taxable values of such properties upon which the
11 levy shall be made.

12 10. The percentage of actual value computed by
13 the director for agricultural property, residential
14 property, commercial property, industrial property,
15 multiresidential property, and property valued by the
16 department of revenue pursuant to chapters 428, 433,
17 434, 437, and 438 and used to determine assessed values
18 of those classes of property does not constitute a rule
19 as defined in section 17A.2, subsection 11.

20 Sec. 61. Section 441.21, Code Supplement 2011, is
21 amended by adding the following new subsection:

22 NEW SUBSECTION. 13. a. Beginning with valuations
23 established on or after January 1, 2013, mobile home
24 parks, manufactured home communities, land-leased
25 communities, assisted living facilities, and that
26 portion of a building that is used for human habitation
27 and a proportionate share of the land upon which
28 the building is situated, even if the use for human
29 habitation is not the primary use of the building, and
30 regardless of the number of dwelling units located
31 in the building, and not otherwise classified as
32 residential property, shall be valued as a separate
33 class of property known as multiresidential property
34 and, excluding properties referred to in section
35 427A.1, subsection 8, shall be assessed at a percentage
36 of its actual value, as determined in this subsection.
37 For valuations established for the assessment year
38 beginning January 1, 2013, the percentage of actual
39 value as equalized by the director of revenue as
40 provided in section 441.49 at which multiresidential
41 property shall be assessed shall be ninety percent.
42 For valuations established for the assessment year
43 beginning January 1, 2014, the percentage of actual
44 value as equalized by the director of revenue as
45 provided in section 441.49 at which multiresidential
46 property shall be assessed shall be eighty percent.
47 For valuations established for the assessment year
48 beginning January 1, 2015, the percentage of actual
49 value as equalized by the director of revenue as
50 provided in section 441.49 at which multiresidential

1 property shall be assessed shall be seventy percent.
2 For valuations established for the assessment year
3 beginning January 1, 2016, the percentage of actual
4 value as equalized by the director of revenue as
5 provided in section 441.49 at which multiresidential
6 property shall be assessed shall be sixty percent.
7 For valuations established for the assessment year
8 beginning January 1, 2017, and each assessment year
9 thereafter, the percentage of actual value as equalized
10 by the director of revenue as provided in section
11 441.49 at which multiresidential property shall be
12 assessed shall be equal to the percentage of actual
13 value at which property assessed as residential
14 property is assessed under subsection 4 for the same
15 assessment year.

16 b. Accordingly, the assessor may assign more than
17 one classification to a parcel of property that, in
18 part, satisfies the requirements of this subsection.
19 In no case, however, shall a hotel, motel, inn, or
20 other building where rooms or dwelling units are
21 usually rented for less than one month be classified as
22 multiresidential property under this subsection.

23 c. As used in this subsection:

24 (1) "Assisted living facility" means property for
25 providing assisted living as defined in section 231C.2.

26 (2) "Dwelling unit" means an apartment, group of
27 rooms, or single room which is occupied as separate
28 living quarters or, if vacant, is intended for
29 occupancy as separate living quarters, in which a
30 tenant can live and sleep separately from any other
31 persons in the building.

32 (3) "Land-leased community" means the same as
33 defined in sections 335.30A and 414.28A.

34 (4) "Manufactured home community" means the same as
35 a land-leased community.

36 (5) "Mobile home park" means the same as defined in
37 section 435.1.

38 Sec. 62. Section 558.46, subsection 5, Code 2011,
39 is amended to read as follows:

40 5. For the purposes of this section, "residential
41 property" includes ~~commercial~~ multiresidential property
42 as defined in section 441.21, subsection 13, consisting
43 of three or more separate living quarters with at least
44 seventy-five percent of the space used for residential
45 purposes.

46 Sec. 63. APPLICABILITY. This division of this
47 Act applies to assessment years beginning on or after
48 January 1, 2013.>

49 2. Title page, by striking lines 1 through 10
50 and inserting <An Act relating to taxation and local

1 government budgets by providing for an increase in the
2 amount of the earned income tax credit, establishing
3 and modifying property assessment limitations,
4 providing for certain property tax replacement
5 payments, modifying the assessment and taxation of
6 telecommunications company property, establishing
7 budget limitations for counties and cities, modifying
8 certain reporting requirements, establishing a property
9 tax credit for certain commercial, industrial, and
10 railway property, establishing a multiresidential
11 property classification, providing penalties,
12 making appropriations, and including effective date,
13 retroactive applicability, and other applicability
14 provisions.>

By RANDY FEENSTRA

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MERLIN BARTZ

SANDRA H. GREINER

PAT WARD

BRAD ZAUN

HOUSE FILE 2470

S-5256

1 Amend House File 2470, as passed by the House, as
2 follows:

3 1. Page 1, by striking lines 3 through 8 and
4 inserting:

5 <NEW PARAGRAPH. c. For purposes of this
6 subsection, the following items are exempt under
7 paragraph "a" when used in agricultural production:

8 (1) A snow blower that is to be attached to a
9 self-propelled implement of husbandry.

10 (2) A rear-mounted or front-mounted blade that
11 is to be attached to or towed by a self-propelled
12 implement of husbandry.

13 (3) A rotary cutter that is to be attached to a
14 self-propelled implement of husbandry.>

15 2. By renumbering, redesignating, and correcting
16 internal references as necessary.

COMMITTEE ON WAYS AND MEANS
JOE BOLKCOM, CHAIRPERSON

S-5256 FILED MAY 8, 2012
ADOPTED

REPORT OF THE CONFERENCE COMMITTEE
ON [SENATE FILE 2284](#)

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and House of Representatives on [Senate File 2284](#), a bill for an Act relating to programs and activities under the purview of the department of education, the state board of education, the board of educational examiners, the state board of regents, school districts, and accredited nonpublic schools, and including effective date provisions, respectfully make the following report:

1. That the House recedes from its amendment, [S-5216](#).
2. That [Senate File 2284](#), as amended, passed, and reprinted by the Senate, is amended to read as follows:
 1. By striking everything after the enacting clause and inserting:

<DIVISION I
COMPETENCY-BASED INSTRUCTION

Section 1. Section 256.7, subsection 26, paragraph a, Code Supplement 2011, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (02) The rules shall allow a school district or accredited nonpublic school to award high school credit to an enrolled student upon the demonstration of required competencies for a course or content area, as approved by a teacher licensed under chapter 272. The school district or accredited nonpublic school shall determine the assessment methods by which a student demonstrates sufficient evidence of the required competencies.

Sec. 2. COMPETENCY-BASED INSTRUCTION TASK FORCE.

1. The department of education shall appoint a task force

to conduct a study regarding competency-based instruction standards and options and the integration of competency-based instruction with the Iowa core curriculum, and to develop related assessment models and professional development focused on competency-based instruction.

2. At a minimum, the task force shall do all of the following:

- a. Redefine the Carnegie unit into competencies.
- b. Construct personal learning plans and templates.
- c. Develop student-centered accountability and assessment models.
- d. Empower learning through technology.
- e. Develop supports and professional development for educators to transition to a competency-based system.

3. The task force shall be comprised of at least twelve members, nine of whom shall represent education stakeholders and practitioners knowledgeable about the Iowa core curriculum; one of whom shall be the deputy director and administrator of the division of learning and results of the department of education or the deputy director's designee; one of whom shall represent the area education agencies; and one of whom shall represent the Iowa state education association.

4. The person representing the area education agency shall convene the initial meeting. The task force shall elect one of its members as chairperson. After the initial meeting, the task force shall meet at the time and place specified by call of the chairperson. The department of education shall provide staffing services for the task force.

5. a. The task force shall submit a preliminary report that includes but is not limited to its findings and recommendations relating to subsection 2, paragraphs "b", "d", and "e", by January 15, 2013.

b. The task force shall submit its plan, findings, models, and recommendations in a final report to the state board of education, the governor, and the general assembly by November

15, 2013.

Sec. 3. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION II

ASSESSMENT OF STUDENT PROGRESS ON CORE ACADEMIC INDICATORS

Sec. 4. Section 256.7, subsection 21, paragraph b, Code Supplement 2011, is amended to read as follows:

b. A set of core academic indicators in mathematics and reading in grades four, eight, and eleven, a set of core academic indicators in science in grades eight and eleven, and another set of core indicators that includes, but is not limited to, graduation rate, postsecondary education, and successful employment in Iowa. Annually, the department shall report state data for each indicator in the condition of education report. Rules adopted pursuant to this subsection shall specify that the approved district-wide assessment of student progress administered for purposes of this paragraph shall be the assessment utilized by school districts statewide in the school year beginning July 1, 2011. The state board may submit to the general assembly recommendations the state board deems appropriate for modifications of assessments of student progress administered for purposes of this paragraph.

DIVISION III

TEACHER AND ADMINISTRATOR MATTERS

Sec. 5. Section 284.6, subsection 8, Code Supplement 2011, is amended to read as follows:

8. For each year in which a school district receives funds calculated and paid to school districts for professional development pursuant to section 257.10, subsection 10, or section 257.37A, subsection 2, the school district shall create quality professional development opportunities. Not less than thirty-six hours in the school calendar, held outside of the minimum school day, shall be set aside during nonpreparation time or designated professional development time to allow practitioners to collaborate with each other to deliver educational programs and

assess student learning, or to engage in peer review pursuant to section 284.8, subsection 1.

The goal for the use of the funds is to provide one additional contract day or the equivalent thereof for professional development, and use of the funds is limited to providing professional development to teachers, including additional salaries for time beyond the normal negotiated agreement; pay for substitute teachers, professional development materials, speakers, and professional development content; and costs associated with implementing the individual professional development plans. The use of the funds shall be balanced between school district, attendance center, and individual professional development plans, making every reasonable effort to provide equal access to all teachers.

Sec. 6. Section 284.8, subsection 1, Code 2011, is amended to read as follows:

1. A school district shall provide for an annual review ~~a of each teacher's performance at least once every three years~~ for purposes of assisting teachers in making continuous improvement, documenting continued competence in the Iowa teaching standards, identifying teachers in need of improvement, or to determine whether the teacher's practice meets school district expectations for career advancement in accordance with section 284.7. The review shall include, at minimum, classroom observation of the teacher, the teacher's progress, and implementation of the teacher's individual professional development plan, subject to the level of resources provided to implement the plan; and shall include supporting documentation from parents, students, and other teachers. The first and second year of review shall be conducted by a peer group of teachers. The peer group shall review all of the peer group members. Peer group reviews shall be formative and shall be conducted on an informal, collaborative basis that is focused on assisting each peer group member in achieving the goals of the teacher's individual professional development plan. Peer group reviews

shall not be the basis for recommending that a teacher participate in an intensive assistance program, and shall not be used to determine the compensation, promotion, layoff, or termination of a teacher, or any other determination affecting a teacher's employment status. However, as a result of a peer group review, a teacher may elect to participate in an intensive assistance program. Members of the peer group shall be reviewed every third year by at least one evaluator certified in accordance with section 284.10.

Sec. 7. Section 284A.7, Code 2011, is amended to read as follows:

284A.7 Evaluation requirements for administrators.

A school district shall conduct an annual evaluation of an administrator who holds a professional administrator license issued under chapter 272 ~~at least once every three years~~ for purposes of assisting the administrator in making continuous improvement, documenting continued competence in the Iowa standards for school administrators adopted pursuant to section 256.7, subsection 27, or to determine whether the administrator's practice meets school district expectations. The ~~review~~ evaluation shall include, at a minimum, an assessment of the administrator's competence in meeting the Iowa standards for school administrators and the goals of the administrator's individual professional development plan, including supporting documentation or artifacts aligned to the Iowa standards for school administrators and the individual administrator's professional development plan.

Sec. 8. REPEAL. Section 284.14A, Code 2011, is repealed.

Sec. 9. STATEWIDE EDUCATOR EVALUATION SYSTEM TASK FORCE.

1. The director of the department of education shall Convene a task force to conduct a study regarding a statewide teacher evaluation system and a statewide administrator evaluation system.

2. The task force shall be comprised of at least twelve members as follows:

a. Eight members shall be appointed by the director to represent education stakeholders and practitioners knowledgeable about the Iowa core curriculum and may include members currently serving on the department's teacher quality partnership teacher evaluation team.

b. One member shall be the deputy director and administrator of the division of learning and results of the department of education or the deputy director's designee.

c. One member shall represent the area education agencies.

d. One member shall represent a certified employee organization representing teachers licensed under chapter 272.

e. One member shall represent a statewide organization representing school administrators licensed under chapter 272.

3. The person representing the area education agency shall convene the initial meeting. The task force shall elect one of its members as chairperson. After the initial meeting, the task force shall meet at the time and place specified by call of the chairperson. The department of education shall provide staffing services for the task force.

4. To the extent possible, appointments shall be made to provide geographical area representation and to comply with sections 69.16, 69.16A, and 69.16C.

5. The task force shall develop a statewide teacher evaluation system and a statewide administrator evaluation system that standardize the instruments and processes used by school districts, charter schools, and accredited nonpublic schools throughout the state to evaluate teachers and administrators. The components of the statewide teacher evaluation system shall include but not be limited to the following:

a. Direct observation of classroom teaching behaviors.

b. Balanced consideration of student growth measures, when available for tested subjects and grades, to supplement direct observation of classroom teaching behaviors.

c. Integration of the Iowa teaching standards.

d. System applicability to teachers in all content areas taught in a school.

6. The task force, at a minimum, shall include in its recommendations and proposal a tiered evaluation system that differentiates ineffective, minimally effective, effective, and highly effective performance by teachers and administrators.

7. The task force shall submit its findings, recommendations, and a proposal for each system to the general assembly by October 15, 2012.

Sec. 10. IOWA TEACHING STANDARDS AND CRITERIA REVIEW TASK FORCE.

1. The department of education shall convene a task force to identify and recommend measures to improve the Iowa teaching standards and criteria and align the Iowa teaching standards with best practices and nationally accepted standards, and to identify and recommend measures to improve the educator evaluations conducted based on the Iowa teaching standards. The task force shall recommend changes to the Iowa Code as appropriate.

2. The task force shall consist of teachers, administrators, and representatives of the department of education, the board of educational examiners, an organization representing teachers, an organization representing school boards, accredited institutions of higher education, and any other appropriate educational stakeholders.

3. The task force shall submit its findings and recommendations, including recommendations for changes to the Iowa Code as appropriate, to the general assembly by November 15, 2012.

Sec. 11. TEACHER PERFORMANCE, COMPENSATION, AND CAREER DEVELOPMENT TASK FORCE.

1. The director of the department of education shall appoint, and provide staffing services for, a teacher performance, compensation, and career development task force

to develop recommendations for a new teacher compensation system to replace the current teacher compensation system which addresses, at a minimum, the following:

- a. The duties and responsibilities of apprentice, career, mentor, and master teachers.
- b. Utilizing retired teachers as mentors.
- c. Strategic and meaningful uses of finite resources and the realignment of resources currently available.
- d. Mechanisms to substantially increase the average salary of teachers who assume leadership roles within the profession.
- e. Standardizing implementation of task force recommendations in all of Iowa's school districts and public charter schools.

2. The task force shall also propose a peer coaching pilot project to expand excellence in the teaching profession. The proposal shall include recommendations for peer coaching criteria goals, strategies, documentation of progress, incentives for participation, and program evaluation.

3. The director of the department of education shall appoint and provide staffing services for a task force whose members shall represent teachers, parents, school administrators, and business and community leaders. Insofar as practicable, appointments shall be made to provide geographical area representation and to comply with sections 69.16, 69.16A, and 69.16C.

4. The task force shall submit its findings, recommendations, and pilot project proposal in a report to the state board of education, the governor, and the general assembly by October 15, 2012.

Sec. 12. EFFECTIVE UPON ENACTMENT. The section of this division of this Act providing for the appointment of the teacher performance, compensation, and career development task force, being deemed of immediate importance, takes effect upon enactment.

DIVISION IV
ONLINE LEARNING

Sec. 13. Section 256.2, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. "Online learning" and "online coursework" mean educational instruction and content which are delivered primarily over the internet. "Online learning" and "online coursework" do not include print-based correspondence education, broadcast television or radio, videocassettes, or stand-alone educational software programs that do not have a significant internet-based instructional component.

Sec. 14. Section 256.7, subsection 7, paragraph d, Code Supplement 2011, is amended to read as follows:

d. ~~For the purpose purposes of the rules adopted by the state board, telecommunications this chapter,~~ "telecommunications" means narrowcast communications through systems that are directed toward a narrowly defined audience and includes interactive live communications. For purposes of this chapter, "telecommunications" does not include online learning.

Sec. 15. Section 256.7, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 33. a. Adopt rules for online learning in accordance with sections 256.24, 256.24A, and 256.27, and criteria for waivers granted pursuant to section 256.24.

b. Except as provided in paragraph "c", adopt rules prohibiting the open enrollment of students whose educational instruction and course content are delivered primarily over the internet.

c. Adopt rules that limit the statewide enrollment of pupils in educational instruction and course content that are delivered primarily over the internet to not more than eighteen one-hundredths of one percent of the statewide enrollment of all pupils, and that limit the number of pupils

participating in open enrollment for purposes of receiving educational instruction and course content that are delivered primarily over the internet to no more than one percent of a sending district's enrollment. Until June 30, 2015, students who meet the requirements of section 282.18 may participate in open enrollment under this paragraph "c" for purposes of enrolling only in the CAM community school district or the Clayton Ridge community school district.

(1) School districts providing educational instruction and course content that are delivered primarily over the internet pursuant to this paragraph "c" shall annually submit to the department, in the manner prescribed by the department, data that includes but is not limited to student achievement and demographic characteristics, retention rates, and the percentage of enrolled students' active participation in extracurricular activities.

(2) The department shall conduct annually a survey of not less than ten percent of the total number of students enrolled as authorized under this paragraph "c" and section 282.18, and not less than one hundred percent of the students in those districts who are enrolled as authorized under this paragraph "c" and section 282.18 and who are eligible for free or reduced price meals under the federal National School Lunch Act and the federal Child Nutrition Act of 1966, 42 U.S.C. §§ 1751-1785, to determine whether students are enrolled under this paragraph "c" and section 282.18 to receive educational instruction and course content primarily over the internet or are students who are receiving competent private instruction from a licensed practitioner provided through a school district pursuant to chapter 299.

(3) The department shall compile and review the data collected pursuant to this paragraph "c" and shall submit its findings and recommendations for the continued delivery of instruction and course content by school districts pursuant to this paragraph "c", in a report to the general assembly by January 15 annually.

(4) This paragraph "c" is repealed July 1, 2015.

Sec. 16. Section 256.9, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 65. Develop and establish an online learning program model in accordance with rules adopted pursuant to section 256.7, subsection 33, paragraph "a", and in accordance with section 256.27.

Sec. 17. NEW SECTION. 256.24 Iowa learning online initiative.

1. An Iowa learning online initiative is established within the department to partner with school districts and accredited nonpublic schools to provide distance education to high school students statewide. The department shall utilize a variety of content repositories, including those maintained by the area education agencies and the public broadcasting division, in administering the initiative.

2. The initiative shall include an online learning program model designed to prepare teachers to meet the needs of students in an online learning environment, including but not limited to building community interaction and support, developing strategies for working with virtual students, and assessing virtual students.

3. Coursework offered under the initiative shall be taught by a teacher licensed under chapter 272 who has completed an online-learning-for-Iowa-educators-professional-development project offered by area education agencies, a teacher preservice program, or comparable coursework.

4. Each participating school district and accredited nonpublic school shall submit its online curricula to the department for review. Each participating school district and accredited nonpublic school shall include in its comprehensive school improvement plan submitted pursuant to section 256.7, subsection 21, a list and description of the online coursework offered by the district.

5. Under the initiative, students must be enrolled in a participating school district or accredited nonpublic school, which is responsible for recording grades received for initiative coursework in a student's permanent record, awarding high school credit for initiative coursework, and issuing high school diplomas to students enrolled in the district or school who participate and complete coursework under the initiative. Each participating school shall identify a site coordinator to serve as a student advocate and as a liaison between the initiative staff and teachers and the school district or accredited nonpublic school.

6. Coursework offered under the initiative shall be rigorous and high quality, and the department shall annually evaluate the quality of the courses, ensure that coursework is aligned with the state's core curriculum and core content requirements and standards, as well as national standards of quality for online courses issued by an internationally recognized association for kindergarten through grade twelve online learning.

7. The department may waive for one year the provisions of section 256.11, subsection 5, which require that specified subjects be offered and taught by professional staff of a school district or school, if the school district or school makes every reasonable and good faith effort to employ a teacher licensed under chapter 272 for such a subject, and the school district or school proves to the satisfaction of the department that the school district or school is unable to employ such a teacher. The specified subject shall be provided by the initiative.

Sec. 18. NEW SECTION. 256.24A Online learning requirements – legislative findings and declarations.

1. The general assembly finds and declares the following:

a. That prior legislative enactments on the use of telecommunications in elementary and secondary school classes and courses did not contemplate and were not intended to

authorize participation in open enrollment under section 282.18 for purposes of attending online schools, contracts to provide exclusively or predominantly online coursework to students, or online coursework that does not use teachers licensed under chapter 272 for instruction and supervision.

b. That online learning technology has moved ahead of Iowa's statutory framework and the current administrative rules of the state board, promulgated over twenty years ago, are inadequate to regulate today's virtual opportunities.

2. Online learning curricula shall be provided and supervised by a teacher licensed under chapter 272.

Sec. 19. NEW SECTION. 256.27 Online learning program model.

1. Online learning program model established. The director, pursuant to section 256.9, subsection 65, shall establish an online learning program model that provides for the following:

a. Online access to high-quality content, instructional materials, and blended learning.

b. Coursework customized to the needs of the student using online content.

c. A means for a student to demonstrate competency in completed online coursework.

d. High-quality online instruction taught by teachers licensed under chapter 272.

e. Online content and instruction evaluated on the basis of student learning outcomes.

f. Use of funds available for online learning for program development, implementation, and innovation.

g. Infrastructure that supports online learning.

h. Online administration of online course assessments.

i. Criteria for school districts or schools to use when choosing providers of online learning to meet the online learning program requirements specified in rules adopted

pursuant to section 256.7, subsection 33, paragraph "a".

2. Private providers. At the discretion of the school board or authorities in charge of an accredited nonpublic school, after consideration of circumstances created by necessity, convenience, and cost-effectiveness, courses developed by private providers may be utilized by the school district or school in implementing a high-quality online learning program. Courses obtained from private providers shall be taught by teachers licensed under chapter 272.

3. Grading. Grades in online courses shall be based, at a minimum, on whether a student mastered the subject, demonstrated competency, and met the standards established by the school district. Grades shall be conferred only by teachers licensed under chapter 272.

4. Accreditation criteria. All online courses and programs shall meet existing accreditation standards.

Sec. 20. Section 256.33, subsection 3, Code 2011, is amended to read as follows:

3. Priority shall be given to programs integrating ~~telecommunications~~ educational technology into the classroom. The department may award grants to school corporations and higher education institutions to perform the functions listed in this section.

Sec. 21. ONLINE LEARNING – INTERIM STUDY. The legislative council is requested to establish an interim study committee relating to online learning and programming for school districts and related educational issues. The objective of the study shall be to review the appropriate use of online learning by school districts, the appropriate levels and sources of funding for online learning, partnerships between school districts and private providers of online programs, and the potential use of online learning as the exclusive means to

provide coursework required under the state's educational standards. The study shall identify opportunities between interested agencies and entities involved in or potentially involved in online learning activities, including but not limited to K-12 schools, area education agencies, institutions of higher learning, the public broadcasting division of the department of education, the department of education, and the Iowa communications network. The committee shall review the benefits of using the department of education's Iowa learning online initiative as the sole source of online learning for Iowa's school districts. The committee shall submit recommendations for the establishment of an online learning program model in accordance with section 256.27 to the director of the department of education by December 14, 2012. The committee is directed to submit its findings and recommendations in a report to the general assembly by December 14, 2012.

DIVISION V

BOARD OF EDUCATIONAL EXAMINERS PROVISIONS

Sec. 22. Section 272.5, Code 2011, is amended to read as follows:

272.5 Compensation of board, — executive director.

1. Members shall be reimbursed for actual and necessary expenses incurred while engaged in their official duties and may be entitled to per diem compensation as authorized under section 7E.6. For duties performed during an ordinary school day by a member who is employed by a school corporation or state university, the member shall also receive regular compensation from the school or university. However, the member shall reimburse the school or university in the amount of the per diem compensation received.

2. The governor shall appoint an executive director of the board of educational examiners subject to confirmation by the senate. The director shall possess a background in education licensure and administrative experience and shall serve at the pleasure of the governor. The board of educational examiners

shall set the salary of the executive director within the range established for the position by the general assembly.

Sec. 23. Section 272.25, subsection 1, Code 2011, is amended to read as follows:

1. A requirement that each student admitted to an approved practitioner preparation program must participate in field experiences that include both observation and participation in teaching activities in a variety of school settings. These field experiences shall comprise a total of at least fifty hours in duration, at least ten hours of which shall occur prior to a student's acceptance in an approved practitioner preparation program. The student teaching experience shall be a minimum of ~~twelve~~ fourteen weeks in duration during the student's final year of the practitioner preparation program. The program must make every reasonable effort to offer the student teaching experience prior to a student's last semester, or equivalent, in the program, and to expand the student's student teaching opportunities beyond one semester or the equivalent.

DIVISION VI

SCHOOL ADMINISTRATION MANAGER

Sec. 24. Section 256.7, subsection 30, Code Supplement 2011, is amended to read as follows:

30. Set standards and procedures for the approval of training programs for individuals who seek an authorization issued by the board of educational examiners for ~~employment~~ the following:

a. Employment as a school business official responsible for the financial operations of a school district.

b. Employment as a school administration manager responsible for assisting a school principal in performing noninstructional duties.

Sec. 25. Section 272.1, Code 2011, is amended by adding

the following new subsection:

NEW SUBSECTION. 11A. "School administration manager" means a person who is authorized to assist a school principal in performing noninstructional administrative duties.

Sec. 26. Section 272.31, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. The board shall issue a school administration manager authorization to an individual who successfully completes a training program that meets the standards set by the state board pursuant to section 256.7, subsection 30, and who complies with rules adopted by the state board pursuant to subsection 3.

DIVISION VII

STATE BOARD OF REGENTS PROVISIONS

Sec. 27. Section 262.9, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 36. Implement continuous improvement in every undergraduate program offered by an institution of higher education governed by the board.

a. A continuous improvement plan shall be developed and implemented built upon the results of the institution's student outcomes assessment program using the following phase-in timeline:

(1) For each course with typical annual enrollment of three hundred or more, whether in one or multiple sections, a continuous improvement plan shall be developed and implemented beginning in the fall semester of 2013.

(2) For each course with typical annual enrollment of two hundred or more but less than three hundred, whether in one or multiple sections, a continuous improvement plan shall be developed and implemented beginning in the fall semester of 2014.

(3) For each course with a typical annual enrollment of

one hundred or more but less than two hundred, whether in one or multiple sections, a continuous improvement plan shall be developed and implemented beginning in the fall semester of 2015.

b. For each undergraduate course the institution shall collect and use the results of formative and summative assessments in its continuous improvement plan. The board shall annually evaluate the effectiveness of the plans and shall submit an executive summary of its findings and recommendations in its annual strategic plan progress report, a copy of which shall be submitted to the general assembly.

Sec. 28. NEW SECTION. 262.94 College readiness and awareness programs.

The state board of regents may establish or contract to establish programs designed to increase college readiness and college awareness in potential first-generation college students and underrepresented populations. The programs may include but shall not be limited to college go center programs and science bound programs.

DIVISION VIII

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS AWARDS

Sec. 29. Section 256.44, subsection 1, paragraph a, Code 2011, is amended to read as follows:

a. If a teacher registers for national board for professional teaching standards certification ~~by~~ after December 31, 2007, a one-time initial reimbursement award in the amount of up to one-half of the registration fee paid by the teacher for registration for certification by the national board for professional teaching standards. The teacher shall apply to the department within one year of registration in a manner and according to procedures required by the department, submitting to the department any documentation the department requires. A teacher who receives an initial reimbursement award shall receive a one-time final registration award in the amount of the remaining national board registration fee paid by the teacher if the teacher notifies the department of the

teacher's certification achievement and submits any documentation requested by the department.

Sec. 30. Section 256.44, subsection 1, paragraph b, subparagraph (1), subparagraph division (b), Code 2011, is amended to read as follows:

(b) If the teacher registers for national board for professional teaching standards certification ~~between January 1, 1999, and December 31, 2007,~~ and achieves certification within the timelines and policies established by the national board for professional teaching standards, an annual award in the amount of two thousand five hundred dollars upon achieving certification by the national board of professional teaching standards.

DIVISION IX

EARLY CHILDHOOD LITERACY

Sec. 31. Section 256.7, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 32. a. By July 1, 2013, adopt by rule guidelines for school district implementation of section 279.69, including but not limited to basic levels of reading proficiency on approved locally determined or statewide assessments and identification of tools that school districts may use in evaluating and reevaluating any student who may be or who is determined to be deficient in reading, including but not limited to initial assessments and subsequent assessments, alternative assessments, and portfolio reviews. The state board shall adopt standards that provide a reasonable expectation that a student's progress toward reading proficiency under section 279.69 is sufficient to master appropriate grade four level reading skills prior to the student's promotion to grade four.

b. Adopt rules for the Iowa reading research center and for implementation of the intensive summer literacy program developed and administered pursuant to section 256.9, subsection 53.

Sec. 32. Section 256.9, subsection 53, Code Supplement 2011, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Establish, subject to an appropriation of funds by the general assembly, an Iowa reading research center.

(1) The purpose of the center shall be to apply current research on literacy to provide for the development and dissemination of all of the following:

(a) Instructional strategies for prekindergarten through grade twelve to achieve literacy proficiency that includes reading, reading comprehension, and writing for all students.

(b) Strategies for identifying and providing evidence-based interventions for students, beginning in kindergarten, who are at risk of not achieving literacy proficiency.

(c) Models for effective school and community partnerships to improve student literacy.

(d) Reading assessments.

(e) Professional development strategies and materials to support teacher effectiveness in student literacy development.

(f) Data reports on attendance center, school district, and statewide progress toward literacy proficiency in the context of student, attendance center, and school district demographic characteristics.

(g) An intensive summer literacy program. The center shall establish program criteria and guidelines for implementation of the program by school districts, under rules adopted by the state board pursuant to section 256.7, subsection 32.

(2) The first efforts of the center shall focus on kindergarten through grade three. The center shall draw upon national and state expertise in the field of literacy proficiency, including experts from Iowa's institutions of higher education and area education agencies with backgrounds in literacy development. The center shall seek support from the Iowa research community in data report development and

analysis of available information from Iowa education data sources. The center shall work with the department to identify additional needs for tools and technical assistance for Iowa schools to help schools achieve literacy proficiency goals and seek public and private partnerships in developing and accessing necessary tools and technical assistance.

(3) The center shall submit a report of its activities to the general assembly by January 15 annually.

Sec. 33. Section 279.60, Code 2011, is amended to read as follows:

279.60 ~~Kindergarten assessment~~ Assessments - access to data - reports.

1. Each school district shall administer a kindergarten readiness assessment prescribed by the department of education to every resident prekindergarten or four-year-old child whose parent or guardian enrolls the child in the district. The assessment shall be aligned with state early learning standards and preschool programs shall be encouraged to administer the assessment at least at the beginning and end of the preschool program, with the assessment information entered into the statewide longitudinal data system. The department shall work to develop agreements with head start programs to incorporate similar information about four-year-old children served by head start into the statewide longitudinal data system.

2. a. Each school district shall administer the dynamic indicators of basic early literacy skills kindergarten benchmark assessment or other kindergarten benchmark assessment adopted by the department of education in consultation with the early childhood Iowa state board to every kindergarten student enrolled in the district not later than the date specified in section 257.6, subsection 1. The school district shall also collect information from each parent, guardian, or legal custodian of a kindergarten student enrolled in the district, including but not limited to whether

the student attended preschool, factors identified by the early childhood Iowa office pursuant to section 256I.5, and other demographic factors. Each school district shall report the results of the assessment and the preschool information collected to the department of education in the manner prescribed by the department not later than January 1 of that school year. The early childhood Iowa office in the department of management shall have access to the raw data. The department shall review the information submitted pursuant to this section and shall submit its findings and recommendations annually in a report to the governor, the general assembly, the early childhood Iowa state board, and the early childhood Iowa area boards.

b. This subsection is repealed July 1, 2013.

3. Each school district shall administer the Iowa assessments, created by the state university of Iowa, to all students enrolled in grade ten.

Sec. 34. NEW SECTION. 279.69 Student progression – remedial instruction – reporting requirements – promotion.

1. Reading deficiency and parental notification.

a. A school district shall assess all students enrolled in kindergarten through grade three at the beginning of each school year for their level of reading or reading readiness on locally determined or statewide assessments, as provided in section 256.7, subsection 32. A school district shall provide intensive reading instruction to any student who exhibits a substantial deficiency in reading, based upon the assessment or through teacher observations. The student's reading proficiency shall be reassessed by locally determined or statewide assessments. The student shall continue to be provided with intensive reading instruction until the reading deficiency is remedied.

b. The parent or guardian of any student in kindergarten through grade three who exhibits a substantial deficiency in reading, as described in paragraph "a", shall be notified at

least annually in writing of the following:

(1) That the child has been identified as having a substantial deficiency in reading.

(2) A description of the services currently provided to the child.

(3) A description of the proposed supplemental instructional services and supports that the school district will provide to the child that are designed to remediate the identified area of reading deficiency.

(4) Strategies for parents and guardians to use in helping the child succeed in reading proficiency, including but not limited to the promotion of parent-guided home reading.

c. Beginning May 1, 2017, unless the school district is granted a waiver pursuant to subsection 2, paragraph "e", if the student's reading deficiency is not remedied by the end of grade three, as demonstrated by scoring on a locally determined or statewide assessment as provided in section 256.7, subsection 32, the school district shall notify the student's parent or guardian that the parent or guardian may enroll the student in an intensive summer reading program offered in accordance with subsection 2, paragraph "e". If the parent or guardian does not enroll the student in the intensive summer reading program and the student is ineligible for the good cause exemption under subsection 5, the student shall be retained in grade three pursuant to subsection 3. If the student is exempt from participating in an intensive summer reading program for good cause, pursuant to subsection 5, or completes the intensive summer reading program but is not reading proficient upon completion of the program, the student may be promoted to grade four, but the school district shall continue to provide the student with intensive reading instruction until the student is proficient in reading as demonstrated by scoring on locally determined or statewide assessments.

2. Successful progression for early readers. If funds

are appropriated by the general assembly for purposes of implementing this subsection, a school district shall do all of the following:

a. Provide students who are identified as having a substantial deficiency in reading under subsection 1, paragraph "a", with intensive instructional services and supports, free of charge, to remediate the identified areas of reading deficiency, including a minimum of ninety minutes daily of scientific, research-based reading instruction and other strategies prescribed by the school district which may include but are not limited to the following:

- (1) Small group instruction.
- (2) Reduced teacher-student ratios.
- (3) More frequent progress monitoring.
- (4) Tutoring or mentoring.
- (5) Extended school day, week, or year.
- (6) Summer reading programs.

b. At regular intervals, apprise the parent or guardian of academic and other progress being made by the student and give the parent or guardian other useful information.

c. In addition to required reading enhancement and acceleration strategies, provide parents of students who are identified as having a substantial deficiency in reading under subsection 1, paragraph "a", with a plan outlined in a parental contract, including participation in regular parent-guided home reading.

d. Establish a reading enhancement and acceleration development initiative designed to offer intensive accelerated reading instruction to each kindergarten through grade three student who is assessed as exhibiting a substantial deficiency in reading. The initiative shall comply with all of the following criteria:

(1) Be provided to all kindergarten through grade three students who exhibit a substantial deficiency in reading under this section. The assessment initiative shall measure phonemic awareness, phonics, fluency, vocabulary, and comprehension.

(2) Be provided during regular school hours in addition to the regular reading instruction.

(3) Provide a reading curriculum that meets guidelines adopted pursuant to section 256.7, subsection 32, and at a minimum has the following specifications:

(a) Assists students assessed as exhibiting a substantial deficiency in reading to develop the skills to read at grade level.

(b) Provides skill development in phonemic awareness, phonics, fluency, vocabulary, and comprehension.

(c) Includes a scientifically based and reliable assessment.

(d) Provides initial and ongoing analysis of each student's reading progress.

(e) Is implemented during regular school hours.

(f) Provides a curriculum in core academic subjects to assist the student in maintaining or meeting proficiency levels for the appropriate grade in all academic subjects.

e. Offer each summer, beginning in the summer of 2017, unless the school district receives a waiver from this requirement from the department of education for the summer of 2017, an intensive summer literacy program for students assessed as exhibiting a substantial deficiency in reading. The program shall meet the criteria and follow the guidelines established pursuant to section 256.9, subsection 53, paragraph "c", subparagraph (1), subparagraph division (g).

f. Report to the department of education the specific intensive reading interventions and supports implemented by the school district pursuant to this section. The department shall annually prescribe the components of required or requested reports.

3. Promotion to grade four. In determining whether to promote a student in grade three to grade four, a school district shall place significant weight on any reading deficiency identified pursuant to subsection 1, paragraph "a",

that is not yet remediated. The school district shall also weigh the student's progress in other subject areas, as well as the student's overall intellectual, physical, emotional, and social development. A decision to retain a student in grade three shall be made only after direct personal consultation with the student's parent or guardian and after the formulation of a specific plan of action to remedy the student's reading deficiency.

4. Ensuring continuous improvement in reading proficiency.

a. To ensure all children are reading proficiently by the end of third grade, each school district shall address reading proficiency as part of its comprehensive school improvement plan, drawing upon information about children from assessments conducted pursuant to subsection 1 and the prevalence of deficiencies identified by classroom, elementary school, and other student characteristics. As part of its comprehensive school improvement plan, each school district shall review chronic early elementary absenteeism for its impact on literacy development. If more than fifteen percent of an attendance center's students are not proficient in reading by the end of third grade, the comprehensive school improvement plan shall include strategies to reduce that percentage, including school and community strategies to raise the percentage of students who are proficient in reading.

b. Each school district, subject to an appropriation of funds by the general assembly, shall provide professional development services to enhance the skills of elementary teachers in responding to children's unique reading issues and needs and to increase the use of evidence-based strategies.

5. Good cause exemption.

a. The school district shall exempt students from the retention and intensive summer reading program requirements of subsection 1, paragraph "c", for good cause. Good cause exemptions shall be limited to the following:

(1) Limited English proficient students who have had less than two years of instruction in an English as a second

language program.

(2) Students requiring special education whose individualized education program indicates that participation in a locally determined or statewide assessment as provided in section 256.7, subsection 32, is not appropriate, consistent with the requirements of rules adopted by the state board of education for the administration of chapter 256B.

(3) Students who demonstrate an acceptable level of performance on an alternative performance measure approved pursuant to section 256.7, subsection 32.

(4) Students who demonstrate mastery through a student portfolio under alternative performance measures approved pursuant to section 256.7, subsection 32.

(5) Students who have received intensive remediation in reading for two or more years but still demonstrate a deficiency in reading and who were previously retained in kindergarten, grade one, grade two, or grade three. Intensive reading instruction for students so promoted must include an altered instructional day that includes specialized diagnostic information and specific reading strategies for each student. The school district shall assist attendance centers and teachers to implement reading strategies that research has shown to be successful in improving reading among low-performing readers.

b. Requests for good cause exemptions from the retention requirement of subsection 1, paragraph "c", for students described in paragraph "a", subparagraphs (3) and (4), shall include documentation from the student's teacher to the school principal that indicates that the promotion of the student is appropriate and is based upon the student's academic record. Such documentation shall include but not be limited to the individualized education program, if applicable, report card, or student portfolio.

Sec. 35. CROSS-AGENCY ASSESSMENT INSTRUMENT PLANNING GROUP. The department of education and the early childhood Iowa state board shall collaborate to form a cross-agency

planning group. Members of the planning group shall include teachers and school leaders, and representatives from the departments of public health, human services, and education, the Iowa early childhood state and area boards, the state board of regents, applicable nonprofit groups, and experts in early childhood assessment and educational assessment. The planning group shall study and select one standard, multidomain assessment instrument for implementation by all school districts for purposes of section 279.60, subsection 1. The instrument shall align with agreed upon state and national curriculum standards. The planning group shall study all costs associated with implementing a universal assessment instrument. The assessment instrument shall be administered at least at the beginning and at the end of the school year to measure student skills and academic growth. The planning group shall submit its findings and recommendations in a report to the general assembly by November 15, 2012.

DIVISION X

SCHOOL INSTRUCTIONAL TIME TASK FORCE

Sec. 36. SCHOOL INSTRUCTIONAL TIME TASK FORCE.

1. The director of the department of education shall appoint a school instructional time task force comprised of at least seven members to conduct a study regarding the minimum requirements of the school day and the school year. The study shall include but not be limited to an examination of the following:

a. Whether the minimum length of an instructional day should be extended and, if so, whether the instructional day should be extended for all students or for specific groups of students.

b. Whether the minimum number of instructional days or hours in a school year should be increased and, if so, whether the minimum number of days or hours in a school year should be increased for all students or for specific groups of students.

c. Whether the minimum number of instructional days or

hours should be rearranged to result in a shorter summer break, with other days or weeks off throughout the school year.

d. Whether the minimum school year should be defined by a number of days or by a number of instructional hours.

e. Whether there should be a uniform, statewide start date for the school year that can only be waived for the purpose of implementing an innovative educational program.

f. Whether resources necessary to extend the minimum length of an instructional day or the minimum length of a school year are justified when compared to competing education priorities.

2. Based upon the examination conducted pursuant to subsection 1, the task force shall design, propose, and establish goals for a pilot project on extending the school day or year to expand instructional time for prekindergarten through grade twelve.

3. The appointment of members to the task force shall be made in a manner which provides geographical area representation and complies with sections 69.16, 69.16A, and 69.16C.

4. The task force shall submit its findings, recommendations, and pilot project proposal in a report to the state board of education, the governor, and the general assembly by October 15, 2012.

DIVISION XI

CLASS SHARING AGREEMENTS

Sec. 37. Section 257.11, subsection 3, Code 2011, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. A school district that collaborates with a community college to provide a college-level class that uses an activities-based, project-based, and problem-based learning approach and that is offered through a partnership with a nationally recognized provider of rigorous and innovative science, technology, engineering, and mathematics

curriculum for schools, which provider is exempt from taxation under section 501(c)(3) of the Internal Revenue Code, is eligible to receive additional weighting under a supplementary weighting plan adopted pursuant to this subsection.

Sec. 38. Section 261E.8, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 6A. A student enrolled in a career and technical course made available pursuant to subsection 1 is exempt from the proficiency requirements of section 261E.3, subsection 1, paragraph "e". However, a community college may require a student who applies for enrollment under a district-to-community college sharing or concurrent enrollment program to complete an initial assessment administered by the community college receiving the application to determine the applicant's readiness to enroll in career and technical coursework, and the community college may deny the enrollment.

DIVISION XII

PRACTITIONER PREPARATION PROGRAM ASSESSMENTS

Sec. 39. Section 256.16, subsection 1, paragraph a, Code 2011, is amended to read as follows:

a. (1) Administer a basic skills test a preprofessional skills test offered by a nationally recognized testing service to practitioner preparation program admission candidates. Rules adopted shall require institutions to deny admission to the program to any candidate who does not successfully pass the test.

(2) Administer, prior to a student's completion of the practitioner preparation program and subject to the director's approval, subject assessments designed by a nationally recognized testing service that measure pedagogy and knowledge of at least one subject area; or, a valid and reliable subject-area-specific, performance-based assessment for preservice teacher candidates, centered on student learning. A student shall not successfully complete the program unless the student achieves scores above the twenty-fifth percentile

nationally on the assessments administered pursuant to this subparagraph.

DIVISION XIII
KINDERGARTEN REQUIREMENT

Sec. 40. Section 299.1A, Code 2011, is amended to read as follows:

299.1A Compulsory attendance age.

1. A Except as provided in subsection 2, a child who has reached the age of six and is under sixteen years of age by September 15 is of compulsory attendance age. However, if a child enrolled in a school district or accredited nonpublic school reaches the age of sixteen on or after September 15, the child remains of compulsory age until the end of the regular school calendar.

2. A child who has reached the age of five by September 15 and who is enrolled in a school district shall be considered to be of compulsory attendance age unless the parent or guardian of the child notifies the school district in writing of the parent's or guardian's intent to remove the child from enrollment in the school district.

DIVISION XIV
STATE MANDATE

Sec. 41. STATE MANDATE FUNDING SPECIFIED. In accordance with section 25B.2, subsection 3, the state cost of requiring compliance with any state mandate included in this Act shall be paid by a school district from the state school foundation aid received by the school district under section 257.16. This specification of the payment of the state cost shall be deemed to meet all of the state funding-related requirements of section 25B.2, subsection 3, and no additional state funding shall be necessary for the full implementation of this Act by and enforcement of this Act against all affected school districts.>

ON THE PART OF THE SENATE:

ON THE PART OF THE HOUSE:

HERMAN C. QUIRMBACH, CHAIRMAN

ROYD CHAMBERS, CHAIRMAN

NANCY J. BOETTGER

CECIL DOLECHECK

TOD BOWMAN

GREG FORRISTALL

SHAWN HAMERLINCK

MARY MASCHER

BRIAN SCHOENJAHN

SHARON STECKMAN

REPORT OF THE CONFERENCE COMMITTEE
ON [HOUSE FILE 2465](#)

To the Speaker of the House of Representatives and the President of the Senate:

We, the undersigned members of the conference committee appointed to resolve the differences between the House of Representatives and the Senate on [House File 2465](#), a bill for an Act relating to state and local finances by making and adjusting appropriations, providing for legal responsibilities, and providing for properly related matters, and including effective date and retroactive and other applicability provisions, respectfully make the following report:

1. That Senate amendment, [H-8513](#), to [House File 2465](#), as amended, passed, and reprinted by the House, is amended to read as follows:

1. Page 1, after line 6 by inserting:

<Sec. _____. GENERAL ASSEMBLY. The appropriations made pursuant to section 2.12 for the expenses of the general assembly and the legislative agencies for the fiscal year beginning July 1, 2012, and ending June 30, 2013, are reduced by the following amount:

..... \$ 1,672,924>

2. Page 2, after line 1 by inserting:

<8. For reimbursement for the homestead property tax credit under section 425.1:

..... \$106,983,518

Sec. _____. Section 97A.11A, subsection 1, Code 2011, is amended to read as follows:

1. Beginning with the fiscal year commencing July 1, ~~2012~~ 2013, and ending June 30 of the fiscal year during which the board determines that the system's funded ratio of assets to liabilities is at least eighty-five percent, there is

appropriated from the general fund of the state for each fiscal year to the retirement fund described in section 97A.8, an amount equal to five million dollars.>

3. Page 2, after line 3 by inserting:

<Sec. _____. WATERSHED IMPROVEMENT FUND – APPROPRIATION. There is appropriated from the rebuild Iowa infrastructure fund to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purposes designated, notwithstanding section 8.57, subsection 6, paragraph "c":

For deposit in the watershed improvement fund created in section 466A.2:

..... \$ 1,000,000

Sec. _____. TUITION GRANTS – FOR-PROFIT ACCREDITED PRIVATE INSTITUTIONS.

1. There is appropriated from the general fund of the state to the college student aid commission for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For tuition grants for students attending for-profit accredited private institutions located in Iowa under 261.25, subsection 2:

..... \$ 500,000

2. Moneys appropriated in this section shall supplement and not supplant moneys appropriated in section 261.25, subsection 2, for the fiscal year beginning July 1, 2012, and ending June 30, 2013.

Sec. _____. IOWA READING RESEARCH CENTER. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so

much thereof as is necessary, to be used for the purposes designated:

For establishing an Iowa reading research center pursuant to 2012 Iowa Acts, [Senate File 2284](#), if enacted:

..... \$ 2,000,000>

4. Page 2, by striking lines 4 through 11 and inserting:

<Sec. ____ JOINT STATE-FEDERAL MORTGAGE SERVICING SETTLEMENT MONEYS – APPROPRIATIONS.

1. A mortgage servicing settlement fund is established, separate and apart from all other public moneys or funds of the state, under the control of the department of justice. The department of justice shall deposit moneys received by the department from the joint state-federal mortgage servicing settlement into the fund. The department of justice is authorized to make expenditures of moneys in the fund consistent with the terms of the consent decree signed in federal court on April 5, 2012. Any unencumbered or unobligated moneys remaining in the fund on June 30, 2015, shall be transferred to the general fund of the state.

2. A banking division mortgage servicing settlement fund is established, separate and apart from all other public moneys or funds of the state, under the control of the division of banking of the department of commerce. The banking division shall deposit moneys received by the division from the joint state-federal mortgage servicing settlement into the fund. Moneys deposited in the fund are appropriated to the banking division to be used as provided in a financial plan developed by the superintendent of banking and approved by the department of management to support state financial regulation, including oversight of mortgage lending and mortgage servicing, real estate and real estate appraisal, state chartered banks, and other financial services regulated by the division of banking. Moneys in the fund may also be used to support financial literacy efforts. The financial

plan may be updated periodically as provided by the superintendent and approved by the department of management. Notwithstanding section 8.33, moneys in the fund that remain unencumbered or unobligated at the close of a fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year that begins July 1, 2014. Any unencumbered or unobligated moneys remaining in the fund on June 30, 2015, shall be transferred to the general fund of the state.

3. There is appropriated from the mortgage servicing settlement fund to the department of management for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the rebuild Iowa infrastructure fund:

..... \$ 1,000,000>

5. Page 2, by striking line 12 and inserting:

4. a. The department of justice shall>

6. Page 2, line 14, after <moneys> by inserting <from the mortgage servicing settlement fund by the department of justice>

7. Page 2, after line 20 by inserting:

<b. The division of banking shall submit a report to the general assembly detailing the expenditure of moneys from the banking division mortgage servicing settlement fund by the division of banking for the previous calendar year and how the expenditures related to the implementation, monitoring, or enforcement of the settlement and how expenditures in the current and succeeding calendar year will be used for implementation, monitoring, or enforcement of the settlement. The initial report shall be submitted on or before January 15, 2013.>

8. Page 2, line 30, by striking <137,000> and inserting <50,000>

9. By striking page 2, line 31, through page 3, line 1.

10. Page 3, line 2, by striking <2.> and inserting <1.>

11. Page 3, line 7, after <year> by inserting <and shall include but is not limited to an antibullying internet site, internet-based communications including texting capabilities, and a telephone hotline>

12. Page 3, line 8, by striking <3.> and inserting <2.>

13. Page 3, by striking lines 13 through 46.

14. Page 4, by striking lines 6 through 17.

15. Page 5, line 10, by striking <13.> and inserting <____.>

16. Page 5, before line 13 by inserting:

<Sec. _____. NEW SECTION. 15E.71 Executive council action.

Notwithstanding section 7D.29, subsection 1, the executive council in full consultation with the attorney general, and with the agreement of the attorney general, shall take any action deemed necessary to protect the interests of the state with respect to any certificates, tax credits, entities created, or action taken in relation to this division. Such actions may include but are not limited to initiation of legal action, commencement of special investigations, institution of special audits of any involved entity, or establishment of receiverships. If such action is taken, the council may incur the necessary expense to perform such a duty or cause such a duty to be performed, and pay the same out of any money in the state treasury not otherwise appropriated.>

17. By striking page 6, line 46, through page 8, line 7.

18. Page 9, by striking lines 15 through 23.

19. Page 9, line 32, by striking <fifteen> and inserting <twenty>

20. Page 9, before line 37 by inserting:

<Sec. _____. Section 257.37, subsections 1 and 2, Code 2011, are amended to read as follows:

1. For the budget year beginning July 1, 1991, and succeeding budget years, the total amount funded in each area for media services shall be computed as provided in this subsection. For the budget year beginning July 1, 1991, the total amount funded in each area for media services in the

base year, ~~including the cost for media resource material which shall only be used for the purchase or replacement of material required in section 273.6, subsection 1, paragraphs "a", "b", and "c",~~ shall be divided by the enrollment served in the base year to provide an area media services cost per pupil in the base year, and the department of management shall compute the state media services cost per pupil in the base year which is equal to the average of the area media services costs per pupil in the base year. For the budget year beginning July 1, 1991, and succeeding budget years, the department of management shall compute the allowable growth for media services in the budget year by multiplying the state media services cost per pupil in the base year times the state percent of growth for the budget year, and the total amount funded in each area for media services cost in the budget year equals the area media services cost per pupil in the base year plus the allowable growth for media services in the budget year times the enrollment served in the budget year. Funds shall be paid to area education agencies as provided in section 257.35.

2. ~~Thirty~~ Up to thirty percent of the budget of an area for media services ~~shall~~ may be expended for media resource material ~~which shall only be used for~~ including the purchase or replacement of material required in section 273.6, subsection 1. Funds shall be paid to area education agencies as provided in section 257.35.>

21. Page 10, by striking lines 5 through 7 and inserting <in section 97A.1, who was killed in the line of duty>

22. Page 10, by striking lines 13 through 15 and inserting <fighter, as defined in section 411.1, who was killed in the>

23. Page 10, by striking lines 20 through 23 and inserting <as defined in section 97B.49C, who was killed in the line of duty as>

24. Page 10, after line 25 by inserting:

<(4) Is the child of a fire fighter included under section 97B.49B, who was killed in the line of duty as determined by the Iowa public employees' retirement system in accordance with section 97B.52, subsection 2.>

25. By striking page 11, line 25, through page 12, line 7.

26. Page 13, before line 1 by inserting:

<Sec. _____. Section 476C.3, subsection 4, paragraph b, Code Supplement 2011, is amended to read as follows:

b. The maximum amount of energy production capacity equivalent of all other facilities the board may find eligible under this chapter shall not exceed a combined output of fifty-three megawatts of nameplate generating capacity and one hundred sixty-seven billion British thermal units of heat for a commercial purpose. Of the maximum amount of energy production capacity equivalent of all other facilities found eligible under this chapter, no more than ten megawatts of nameplate generating capacity or energy production capacity equivalent shall be allocated to any one facility. Of the maximum amount of energy production capacity equivalent of all other facilities found eligible under this chapter, fifty-five billion British thermal units of heat for a commercial purpose shall be reserved for an eligible facility that is a refuse conversion facility for processed, engineered fuel from a multicounty solid waste management planning area. The maximum amount of energy production capacity the board may find eligible for a single refuse conversion facility is fifty-five billion British thermal units of heat for a commercial purpose. ~~Of the maximum amount of energy production capacity equivalent of all other facilities found eligible under this chapter, an amount equivalent to ten megawatts of nameplate generating capacity shall be reserved for eligible renewable energy facilities incorporated within or associated with an ethanol cogeneration plant engaged in the sale of ethanol to states to meet a low carbon fuel standard.~~

Sec. _____. Section 476C.3, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. Notwithstanding the definition of "eligible renewable energy facility" in section 476C.1, subsection 6, unnumbered paragraph 1, of the maximum amount of energy production capacity equivalent of all other facilities found eligible pursuant to subsection 4, paragraph "b", an amount equivalent to ten megawatts of nameplate generating capacity shall be reserved for natural gas cogeneration facilities incorporated within or associated with an ethanol plant to assist the ethanol plant in meeting a low carbon fuel standard.>

27. Page 13, after line 14 by inserting:

<Sec. _____. Section 511.8, subsection 19, Code Supplement 2011, is amended to read as follows:

19. Other foreign government or corporate obligations.

a. Bonds or other evidences of indebtedness, not to include currency, issued, assumed, or guaranteed by a foreign government other than Canada, or by a corporation incorporated under the laws of a foreign government other than Canada. Such governmental obligations must be valid, legally authorized and issued, and on the date of acquisition have predominantly investment qualities and characteristics as provided by rule. Such corporate obligations must meet the qualifications established in subsection 5 for bonds and other evidences of indebtedness issued, assumed, or guaranteed by a corporation incorporated under the laws of the United States or Canada. Foreign investments authorized by this subsection are not eligible in excess of ~~twenty~~ twenty-five percent of the legal reserve of the life insurance company or association. Investments in obligations of a foreign government, other than Canada ~~and~~, the United Kingdom, and foreign governments rated AAA by Standard and Poor's division of McGraw-Hill companies, inc., or Aaa by Moody's investors services, inc., are not eligible in excess of two percent of the legal reserve in the securities of foreign governments of any one foreign nation.

Investments in obligations of the United Kingdom are not eligible in excess of four percent of the legal reserve. Investments in obligations of foreign governments rated either AAA by Standard and Poor's division of McGraw-Hill companies, inc., or Aaa by Moody's investors services, inc., are not eligible in excess of five percent of the legal reserve. Investments in a corporation incorporated under the laws of a foreign government other than Canada are not eligible in excess of two percent of the legal reserve in the securities of any one foreign corporation.

b. Eligible investments in foreign obligations under this subsection are limited to the types of obligations specifically referred to in this subsection. This subsection in no way limits or restricts investments in Canadian obligations and securities specifically authorized in other subsections of this section.

c. This subsection shall not authorize investment in evidences of indebtedness issued, assumed, or guaranteed by a foreign government which engages in a consistent pattern of gross violations of human rights.>

28. Page 15, line 5, by striking <2289.> and inserting <2289.>

29. Page 15, by striking lines 14 through 16 and inserting:

<6. The section of this division of this Act relating to joint state-federal mortgage servicing settlement moneys.>

- 30. By striking page 25, line 43, through page 27, line 32.
- 31. By striking page 28, line 7, through page 30, line 44.
- 32. By striking page 30, line 45, through page 31, line 25.
- 33. By striking page 31, line 29, through page 34, line 39.
- 34. By striking page 42, line 23, through page 43, line 28.

35. Page 44, line 9, after <percent.> by inserting <An ordinance increasing the franchise fee rate to greater than five percent pursuant to this subparagraph division (b) shall not become effective unless approved at an election. After passage of the ordinance, the council shall submit the proposal at a special election held on a date specified in section 39.2, subsection 4, paragraph "b". If a majority of those voting on the proposal approves the proposal, the city may proceed as proposed. The complete text of the ordinance shall be included on the ballot and the full text of the ordinance posted for the voters pursuant to section 52.25. All absentee voters shall receive the full text of the ordinance along with the absentee ballot.>

36. By striking page 45, line 9, through page 46, line 5.

37. Page 46, by striking lines 8 and 9 and inserting:

<Sec. _____. Section 256D.9, Code 2011, is amended to read as follows:

256D.9 Future repeal.

This chapter is repealed effective July 1, ~~2012~~ 2013.>

38. By striking page 46, line 12, through page 52, line 6.

39. By striking page 53, line 14, through page 57, line 44, and inserting:

<DIVISION ____

NAVIGATOR – INSURANCE

Sec. _____. NEW SECTION. 522D.1 Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Commissioner" means the commissioner of insurance.

2. "Navigator" means a public or private entity or an individual that is qualified and licensed, if appropriate, to engage in the activities and meet the standards described in 45 C.F.R. § 155.210.

Sec. _____. NEW SECTION. 522D.2 License required.

A person shall not act as a navigator in this state unless the person is licensed by the commissioner as required in this chapter.

Sec. _____. NEW SECTION. 522D.3 Actions prohibited.

A navigator shall not perform the functions of a person required to be licensed as an insurance producer under chapter 522B unless the navigator is licensed as a navigator pursuant to this chapter and as an insurance producer pursuant to chapter 522B.

Sec. _____. NEW SECTION. 522D.4 Application for examination.

1. An individual applying for a navigator license shall pass a written examination. The examination shall test the knowledge of the individual concerning the duties and responsibilities of a navigator and the insurance laws and regulations of this state. The commissioner shall adopt rules pursuant to chapter 17A related to the development and conduct of the examination.

2. The commissioner may make arrangements, including contracting with an outside testing service or other appropriate entity, for administering examinations and collecting fees.

3. An individual applying for an examination shall remit a nonrefundable fee as established by rule of the commissioner.

4. An individual who fails to appear for the examination as scheduled or fails to pass the examination shall reapply for an examination and remit all required fees and forms before being rescheduled for another examination.

Sec. _____. NEW SECTION. 522D.5 Application for license.

1. A person applying for a navigator license shall make application to the commissioner on an application form approved by the commissioner and declare under penalty of refusal, suspension, or revocation of the license that the statements made on the application are true, correct, and complete to the best of the individual's knowledge and belief.

Before approving the application, the commissioner shall find all of the following:

- a. The individual is at least eighteen years of age.
- b. The individual has not committed any act that is a ground for denial, suspension, or revocation as set forth in section 522D.7.
- c. The individual has paid the license fee, as established by the commissioner by rule.
- d. The individual has successfully completed the initial training and education program for a license as established by the commissioner by rule.
- e. The individual has successfully passed the examination as provided in section 522D.4.
- f. In order to protect the public interest, the individual has the requisite character and competence to receive a license as a navigator.

2. A public or private entity acting as a navigator may elect to obtain a navigator license. Application shall be made using the application form approved by the commissioner. Prior to approving the application, the commissioner shall find both of the following:

- a. The entity has paid the appropriate fees.
- b. The entity has designated a licensed navigator responsible for the entity's compliance with this chapter.

Sec. ____ . NEW SECTION. 522D.6 License.

1. A person who meets the requirements of sections 522D.4 and 522D.5, unless otherwise denied licensure pursuant to section 522D.7, shall be issued a navigator license. A navigator license is valid for three years.

2. A navigator license remains in effect unless revoked or suspended as long as all required fees are paid and continuing education requirements are met by any applicable due date. A navigator is required to complete continuing education requirements required by law in order to be eligible for license renewal.

3. A licensed navigator who is unable to comply with license renewal procedures due to military service or other extenuating circumstances may request a waiver of those procedures. The licensed navigator may also request a waiver of any examination requirement or any other penalty or sanction imposed for failure to comply with renewal procedures.

4. The license shall contain the licensee's name, address, personal identification number, the date of issuance, the expiration date, and any other information the commissioner deems necessary.

5. A licensee shall inform the commissioner by any means acceptable to the commissioner of a change of legal name or address within thirty days of the change. Failure to timely inform the commissioner of a change of legal name or address may result in a penalty as specified in section 522D.7.

6. The commissioner shall require by rule that a licensed navigator furnish a surety bond or other evidence of financial responsibility that protects all persons against wrongful acts, misrepresentations, errors, omissions, or negligence of the navigator.

7. In order to assist with the commissioner's duties, the commissioner may contract with a nongovernmental entity, including the national association of insurance commissioners or any affiliate or subsidiary the national association of insurance commissioners oversees, to perform any ministerial functions, including the collection of fees, related to navigator licensing that the commissioner deems appropriate.

Sec. ____ NEW SECTION. 522D.7 License denial, nonrenewal, or revocation.

1. The commissioner may place on probation, suspend, revoke, or refuse to issue or renew a navigator's license or may levy a civil penalty as provided in section 522D.8 for any one or more of the following causes:

- a. Providing incorrect, misleading, incomplete, or materially untrue information in the license application.
- b. Violating any insurance laws, or violating any regulation, subpoena, or order of the commissioner or of a commissioner of another state.
- c. Obtaining or attempting to obtain a license through misrepresentation or fraud.
- d. Improperly withholding, misappropriating, or converting any moneys or properties received in the course of doing insurance business.
- e. Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
- f. Having been convicted of a felony.
- g. Having admitted or been found to have committed any unfair insurance trade practice or fraud.
- h. Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
- i. Having a navigator license, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory.
- j. Forging another's name to an application for insurance or to any document related to an insurance transaction.
- k. Improperly using notes or any other reference material to complete an examination for a navigator license.
- l. Failing to comply with an administrative or court order imposing a child support obligation.
- m. Failing to comply with an administrative or court order related to repayment of loans to the college student aid commission.
- n. Failing to pay state income tax or comply with any administrative or court order directing payment of state income tax.

o. Failing or refusing to cooperate in an investigation by the commissioner.

2. If the commissioner does not renew a license or denies an application for a license, the commissioner shall notify the applicant or licensee and advise, in writing, the licensee or applicant of the reason for the nonrenewal of the license or denial of the application for a license. The licensee or applicant may request a hearing on the nonrenewal or denial. A hearing shall be conducted according to section 507B.6.

3. The license of a public or private entity operating as a navigator may be suspended, revoked, or refused if the commissioner finds, after hearing, that an individual navigator licensee's violation was known or should have been known by a partner, officer, or manager acting on behalf of the entity and the violation was not reported to the commissioner and corrective action was not taken.

4. In addition to, or in lieu of, any applicable denial, suspension, or revocation of a license, a person, after hearing, may be subject to a civil penalty as provided in section 522D.8.

5. The commissioner may conduct an investigation of any suspected violation of this chapter pursuant to section 507B.6 and may enforce the provisions and impose any penalty or remedy authorized by this chapter and chapter 507B against any person who is under investigation for, or charged with, a violation of either chapter even if the person's license has been surrendered or has lapsed by operation of law.

6. a. In order to assure a free flow of information for accomplishing the purposes of this section, all complaint files, investigation files, other investigation reports, and other investigative information in the possession of the commissioner or the commissioner's employees or agents that relates to licensee discipline are privileged and confidential, and are not subject to discovery, subpoena, or other means of legal compulsion for their release to a person other than the licensee, and are not admissible in evidence in

a judicial or administrative proceeding other than the proceeding involving licensee discipline. A final written decision of the commissioner in a disciplinary proceeding is a public record.

b. Investigative information in the possession of the commissioner or the commissioner's employees or agents that relates to licensee discipline may be disclosed, in the commissioner's discretion, to appropriate licensing authorities within this state, the appropriate licensing authority in another state, the District of Columbia, or a territory or country in which the licensee is licensed or has applied for a license.

c. If the investigative information in the possession of the commissioner or the commissioner's employees or agents indicates a crime has been committed, the information shall be reported to the proper law enforcement agency.

d. Pursuant to the provisions of section 17A.19, subsection 6, upon an appeal by the licensee, the commissioner shall transmit the entire record of the contested case to the reviewing court.

e. Notwithstanding the provisions of section 17A.19, subsection 6, if a waiver of privilege has been involuntary and evidence has been received at a disciplinary hearing, the court shall issue an order to withhold the identity of the individual whose privilege was waived.

Sec. ____ NEW SECTION. 522D.8 Cease and desist orders – penalties.

1. A navigator who, after hearing, is found to have violated this chapter, may be ordered to cease and desist from engaging in the conduct resulting in the violation and may be assessed a civil penalty pursuant to chapter 507B.

2. If a person does not comply with an order issued pursuant

to this section, the commissioner may petition a court of competent jurisdiction to enforce the order. The court shall not require the commissioner to post a bond in an action or proceeding under this section. If the court finds, after notice and opportunity for hearing, that the person is not in compliance with an order, the court may adjudge the person to be in civil contempt of the order. The court may impose a civil penalty against the person for contempt in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation and may grant any other relief that the court determines is just and proper in the circumstances.

Sec. _____. NEW SECTION. 522D.9 Injunctive relief.

1. A person may bring an action in district court to enjoin another person from acting as a navigator in violation of section 522D.2. However, before bringing an action in district court to enjoin a person pursuant to this section, the person shall file a complaint with the insurance division alleging that another person is acting as a navigator in violation of section 522D.2.

2. If the division makes a determination to proceed administratively against the person for a violation of section 522D.2, the complainant shall not bring an action in district court against the person pursuant to this section based upon the allegations contained in the complaint filed with the division.

3. If the division does not make a determination to proceed administratively against the person for a violation of section 522D.2, the division shall issue, by ninety days from the date of filing of the complaint, a release to the complainant that permits the complainant to bring an action in district court pursuant to this section.

4. The filing of a complaint with the division pursuant to this section tolls the statute of limitations pursuant to

section 614.1 as to the alleged violation for a period of one hundred twenty days from the date of filing the complaint.

5. Any action brought in district court by a complainant against a person pursuant to this section, based upon the allegations contained in the complaint filed with the division, shall be brought within one year after the ninety-day period following the filing of the complaint with the division, or the date of the issuance of a release by the division, whichever is earlier.

6. If the court finds that the person is in violation of section 522D.2 and enjoins the person from acting as a navigator in violation of that section, the court's findings of fact and law, and the judgment and decree, when final, shall be admissible in any proceeding initiated pursuant to section 522D.8 by the commissioner against the person enjoined and the person enjoined shall be precluded from contesting in that proceeding the court's determination that the person acted as a navigator in violation of section 522D.2.

Sec. _____. NEW SECTION. 522D.10 Rules.

The commissioner may adopt rules pursuant to chapter 17A as are necessary or proper to carry out the purposes of this chapter.

Sec. _____. NEW SECTION. 522D.11 Severability.

If any provision of this chapter or its application to any person or circumstance is held invalid by a court of competent jurisdiction or by federal law, the invalidity does not affect other provisions or applications of the chapter that can be given effect without the invalid provision or application, and to this end the provisions of the chapter are severable and the valid provisions or applications shall remain in full force and effect.

Sec. _____. NEW SECTION. 522D.12 Future repeal.

If the federal law providing for the sale of qualified health benefit plans of the state is repealed by federal legislation or is ruled invalid by a decision of the United States supreme

court, the commissioner shall notify the Iowa Code editor of the effective date of the repeal or the date of the ruling. This chapter is repealed on the effective date of such federal legislation or the date of the United States supreme court decision.

DIVISION ____

CAPITAL GAIN DEDUCTION FOR SALE TO AN IOWA ESOP

Sec. _____. Section 422.7, subsection 21, Code Supplement 2011, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. (1) To the extent not already excluded, fifty percent of the net capital gain from the sale or exchange of employer securities of an Iowa corporation to a qualified Iowa employee stock ownership plan when, upon completion of the transaction, the qualified Iowa employee stock ownership plan owns at least thirty percent of all outstanding employer securities issued by the Iowa corporation.

(2) For purposes of this paragraph:

(a) "Employer securities" means the same as defined in section 409(1) of the Internal Revenue Code.

(b) "Iowa corporation" means a corporation whose commercial domicile, as defined in section 422.32, is in this state.

(c) "Qualified Iowa employee stock ownership plan" means an employee stock ownership plan, as defined in section 4975(e)(7) of the Internal Revenue Code, and trust that are established by an Iowa corporation for the benefit of the employees of the corporation.

Sec. _____. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2012, for tax years beginning on or after that date.>

ON THE PART OF THE HOUSE:

J. SCOTT RAECKER, CHAIRPERSON

MARK LOFGREN

TYLER OLSON

KIRSTEN RUNNING-MARQUARDT

NICK WAGNER

ON THE PART OF THE SENATE:

ROBERT E. DVORSKY, CHAIRPERSON

MICHAEL E. GRONSTAL

JOHN P. KIBBIE

REPORT OF THE CONFERENCE COMMITTEE
ON [SENATE FILE 466](#)

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and House of Representatives on [Senate File 466](#), a bill for an Act relating to residential contractors and providing a penalty, respectfully make the following report:

1. That the Senate recedes from its amendment, [H-8453](#).
2. That the House amendment, [S-3329](#), to [Senate File 466](#), as amended, passed, and reprinted by the Senate, is amended to read as follows:

1. Page 2, by striking lines 3 through 15 and inserting:

<NOTICE OF CONTRACT OBLIGATIONS AND RIGHTS

You may be responsible for payment to (insert name of residential contractor) for the cost of all goods and services provided whether or not you receive payment from any property and casualty insurance policy with respect to the damage. Pursuant to Iowa law your contract with (insert name of residential contractor) to provide goods and services to repair damage resulting from a naturally occurring catastrophe including but not limited to a fire, earthquake, tornado, windstorm, flood, or hail storm is void>

2. Page 2, by striking lines 36 through 41 and inserting:

<6. a. A residential contractor violating this section is subject to the penalties and remedies prescribed by this chapter.

b. A violation of subsection 2 or 3 by a residential contractor is an unlawful practice pursuant to section 714.16.>

ON THE PART OF THE SENATE:

MATT McCOY, CHAIRPERSON

BILL ANDERSON

RICK BERTRAND

THOMAS G. COURTNEY

PAM JOCHUM

ON THE PART OF THE HOUSE:

STEWART IVERSON, CHAIRPERSON

JEFF KAUFFMANN

DAN MUHLBAUER

JO OLDSON

Fiscal Note

Fiscal Services Division



Conference Committee Report on SF 2284 – Education Reform (LSB 6053SV.2)

Analyst: John Parker (Phone: 515-725-2249) (john.parker@legis.state.ia.us)

Fiscal Note Version – Conference Committee Report

Description

The Conference Committee Report on Senate File 2284 provides broad reforms to the Iowa public education system.

Total General Fund Impact

The estimated General Fund cost of the Conference Committee Report on Senate File 2284 will be approximately \$2.4 million in FY 2013, \$3.7 million in FY 2014, and \$4.0 million in FY 2015. The Iowa Reading Research Center (Division IX) will have additional costs not reflected in the table and those costs will be based on appropriations made by the General Assembly. An estimated fiscal analysis of each Division and provision of the Bill is presented in the following table.

Estimated General Fund Fiscal Impact of Conference Committee Report on SF 2284

Div.	Reform Proposal	FY 2013	FY 2014	FY 2015	Mandate
I	Competency-Based Education Task Force	\$ 100,000	\$ 0	\$ 0	\$ 0
II	Assessment of Student Progress on Core Academic Indicators	0	0	0	0
III	36 Additional Hours of Practitioner Collaboration per school year	0	0	0	0
III	Annual Reviews of Teacher's Performance with Peer Reviews	250,000	250,000	250,000	Unknown
III	Annual Evaluation for Administrators	0	0	0	Unknown
III	Statewide Educator Evaluation System Task Force	50,000	0	0	0
III	Iowa Teaching Standards and Criteria Review Task Force	50,000	0	0	0
III	Teacher Perf., Compensation, and Career Dev. Task Force	50,000	0	0	0
IV	Develop and establish an online learning program model	1,500,000	1,500,000	1,500,000	0
IV	Annual Survey of Online Courses	0	0	0	0
IV	Iowa Learning online initiative	100,000 ¹	100,000 ¹	100,000 ¹	0
IV	Online Learning Interim Study	0	0	0	0
V	Governor Appointed BOEE Director	0	0	0	0
V	Student Teaching to 14 weeks	0	0	0	0
VI	Rules for School Administrator Manager (SAM) Program	0	0	0	0
VII	Regents continuous improvement methodologies	60,000	94,000	214,000	0
VII	College readiness and awareness programs	0	0	0	0
VIII	National Board for Professional Teaching Standards Awards	140,000	245,000	375,000	0
IX	Establish Literacy Program by Rule	0	0	0	0
IX	Iowa Reading Research Center	0 ²	0 ²	0 ²	0
IX	Kindergarten Readiness Measures	0	0	0	360,000 ³
IX	Iowa Assessments for 10th graders in 2012 and 2013	0 ⁴	0 ⁴	0 ⁴	0 ⁴
IX	Early Childhood Literacy	0 ⁵	0 ⁵	0 ⁵	Unknown ⁵
IX	Cross-Agency Assessment Instrument Planning Group	0	0	0	0
X	School Instructional Time Task Force	50,000	0	0	0
XI	Class Sharing Agreements	0	1,500,000 ⁶	1,600,000 ⁶	0
XII	Practitioner Preparation Program Assessments	0	0	0	0
XIII	Kindergarten Attendance Requirement	0	0	0	0
Total Decrease in General Fund and Local Mandate		\$2,350,000	\$3,689,000	\$4,039,000	\$360,000

Notes:

1. The estimated cost for this provision is associated with the online curriculum review done by the Department.
2. Programs are estimated to have a cost impact; however, costs will be based on the amount of funding appropriated by the General Assembly. The Department of Education estimated the cost of the Center to be \$2.0 million.
3. The estimated fiscal impact of the kindergarten readiness assessment provision is an increased cost annually of \$363,000 beginning in FY 2013. The costs will be greater if additional students are required to take the assessment, with a maximum cost of \$600,000 annually (if all students entering kindergarten are required to take the assessment).
4. The Department has indicated that 94.0% of tenth graders are currently being assessed. Requiring all tenth graders to take the Iowa assessment will have a minimal fiscal impact.
5. Proposal is estimated to have a cost to school districts. The costs will depend on the intensive instructional services and supports school districts choose to implement for the progression of early readers. Additionally, language specifies that if funds are appropriated for the purposes of implementing the "Successful Progression for Early Readers" subsection, school districts will be required to implement the provisions of that subsection.
6. Statewide local property taxes will increase by an estimated \$200,000.

Assumptions and Fiscal Impacts by Division

Division I – Competency-Based Instruction

This Division permits high school credit to be awarded to students that demonstrate competency in the subject areas required to be offered by accredited schools under the State's educational standards, and allows students to receive credit on a performance basis through the administration of an assessment. Creates a competency-based instruction task force and requires the task force to submit reports with findings and recommendations by January 13, 2013, and November 15, 2013. The Division is effective upon enactment and may have costs associated with the Task Force beginning in FY 2012.

Assumption:

The Department of Education will require additional funding for the costs associated with providing additional support for the competency-based instruction task force for FY 2013.

Fiscal Impact:

The estimated impact is an increase in FY 2013 General Fund expenditures of \$100,000 for the costs associated with the task force.

Division II – Assessment of Student Progress on Core Academic Indicators

Directs the State Board of Education to specify the approved district-wide assessments measuring student progress on core academic indicators in any rule adopted by the State Board associated with the core academic indicators. The district assessment specified in the State Board rules in connection with the core academic indicators will be the assessment used by school districts in the school year beginning July 1, 2011.

Fiscal Impact:

No State fiscal impact.

Division III – Teacher and Administrator Matters

This Division relates to teacher reviews, professional development, and administrator evaluations. The Division creates three new task forces: Statewide Educator Evaluation System Task Force, Iowa Teaching Standards and Criteria Review Task Force, and Teacher Performance, Compensation, and Career Development Task Force.

Assumptions:

- Thirty-six additional hours of practitioner collaboration will be repurposed from existing professional development time.
- The cost of annual reviews of teacher performance will cover the training for peer group reviews. Department of Education staff conducting the training will be funded with teacher quality funds and will require an additional 2.0 FTE positions.
- Annual evaluations for administrators will be funded with current teacher quality funds.
- The three new task forces will each require an additional 0.5 FTE position.

Fiscal Impact:

The Legislative Services Agency (LSA) estimates the total cost of implementing this Division is \$400,000 and an additional 3.5 FTE positions for FY 2013. The total estimated cost is \$250,000 and 2.0 FTE positions in FY 2014 and FY 2015:

Teacher and Administrator Matters Provisions	FY 2013	FY 2014	FY 2015	FTE
36 Additional Hours of Practitioner Collaboration per school year	0	0	0	0.0
Annual Reviews of Teacher's Performance with Peer Reviews	250,000	250,000	250,000	2.0
Annual Evaluation for Administrators	0	0	0	0.0
Statewide Educator Evaluation System Task Force	50,000	0	0	0.5
Iowa Teaching Standards and Criteria Review Task Force	50,000	0	0	0.5
Teacher Perf., Compensation, and Career Dev. Task Force	50,000	0	0	0.5
Total Cost and FTE positions for Teacher and Administrator Matters:	\$ 400,000	\$ 250,000	\$ 250,000	3.5 *

*Additional 3.5 FTE positions will only be required in FY 2013. 2.0 FTE positions required in FY 2014 and 2015 for peer review training.

Division IV – Online Learning

Division IV requires the Department to develop and establish an online learning program model. Specifies that not more than 0.18% of students statewide and not more than 1.0% of a sending district's enrollment can be enrolled in courses where the content is delivered primarily over the internet. Directs the Department to conduct an annual survey of students taking courses delivered over the internet to determine if students are receiving competent private instruction from a licensed practitioner. The Department must submit an annual report to the General Assembly by January 15 on the data compiled from courses delivered over the internet.

The Division establishes an online learning program model and an Iowa learning online initiative within the Department to provide distance education to high school students statewide. The Division also includes legislative findings and declarations by the General Assembly related to online learning requirements.

Requests the Legislative Council establish an online learning interim study committee. The committee will submit findings and recommendations in a report to the General Assembly by December 14, 2012.

Assumptions:

- Establishment of an online learning program model will transition to a fee-based service in FY 2016.
- Evaluation procedures and the online learning program model provisions of this Division will share FTE positions with the Iowa learning online initiative to continually evaluate the coursework offered online.

Fiscal Impact:

The estimated fiscal impact to the Department of Education is \$1.5 million and a 1.0 FTE position to establish and develop an online learning program model in FY 2013, FY 2014, and FY 2015.

The LSA estimates the cost of implementing the Iowa learning online initiative is \$100,000 in FY 2013, FY 2014, and FY 2015.

Division V – Board of Educational Examiners Provisions

This Division requires the Governor to appoint the executive director of the Board of Educational Examiners subject to confirmation by the Senate. Currently, the Director is hired by the Board of Educational Examiners. The Division also increases the length of the student teaching experience from 12 to 14 weeks.

Fiscal Impact:

No State fiscal impact.

Division VI – School Administration Manager

This Division permits the authorization of individuals that successfully complete a training program and meet Board of Educational Examiners standards to assist school principals in performing noninstructional duties.

Assumption:

The development of standards and procedures will be performed by existing Department staff.

Fiscal Impact:

No State fiscal impact is estimated to develop the standards and procedures for the approval of training programs for individuals that seek employment as a school administration manager.

Division VII – State Board of Regents Provisions

This Division directs the State Board of Regents to develop a program for implementing continuous improvement methodologies in every undergraduate course offered by the Regents universities. Continuous improvement plans are to be implemented beginning in the fall semester of 2013 for courses with typical annual enrollment of 300 or more. Continuous improvement plans are to be implemented beginning in the fall semester of 2014 for courses with typical annual enrollment of 200 or more but less than 300. Continuous improvement plans are to be implemented beginning in the fall semester of 2015 for courses with typical annual enrollment of 100 or more but less than 200. Requires the Board of Regents to annually evaluate the effectiveness of the methodologies and improvement plans and submit findings and recommendations in its annual strategic plan progress report.

Assumptions:

- The cost of implementation for all courses in FY 2013 will be \$2,070,000. Approximately 2.9% of courses have enrollment of 300 or more; 1.6% have enrollment between 200 and 299; and 5.5% have enrollment between 100 and 199.
- Due to the ongoing nature of continuous improvement plans, costs will increase when additional courses are required to implement the plans.
- Salary costs will increase at a rate of 2.00% annually.

Fiscal Impact:

The LSA estimates the following impact to the Regents universities:

- FY 2013 = \$60,000
- FY 2014 = \$94,000
- FY 2015 = \$214,000

Estimated fiscal impact will continue in subsequent fiscal years and may increase if more courses are required to implement continuous improvement plans.

College readiness and awareness programs

Permits the State Board of Regents to establish programs designed to increase college readiness and college awareness for potential first-generation college students and underrepresented populations.

Fiscal Impact:

The impact will depend on whether or not the State Board chooses to establish the programs.

Division VII – National Board for Professional Teaching Standards Awards

This Division eliminates the end dates for the National Board for Professional Teaching Standards certification one-time fee reimbursement awards and the annual awards. The eligibility for the annual award is 10 years or for the years the individual maintains a valid certificate and remains employed as a public school teacher in Iowa, whichever time period is shorter.

Assumptions:

- The estimate assumes a backlog of 20 certified teachers evenly distributed through 2009-2012. The backlog of certified teachers will require one-time fee reimbursements and annual awards to be brought up to date.
- Reimbursement and annual awards will continue indefinitely for teachers applying for certification.
- New certifications will number 52 annually for FY 2013, FY 2014, and FY 2015, based on the average annual certifications from 2000-2008.

Fiscal Impact:

The estimated impact for reimbursement and annual awards:

- FY 2013 - \$140,000
- FY 2014 - \$245,000
- FY 2015 - \$375,000

Costs are estimated to be ongoing in future fiscal years.

Division IX – Early Childhood Literacy

This Division requires the State Board of Education to adopt, by rule, guidelines for school district implementation of basic levels of reading proficiency based on approved assessments and identification of tools to evaluate any student that may be determined deficient in reading. Assessments should include but are not limited to initial assessments, subsequent assessments, alternative assessments, and portfolio reviews. Requires the State Board of Education to adopt standards that provide a reasonable expectation that a student's progress towards reading proficiency is sufficient to master appropriate fourth grade level reading skills prior to the student's promotion to fourth grade. The Division requires the State Board to adopt the rules and guidelines in this section by July 1, 2013.

Assumptions:

Rules and guidelines can be developed under the current duties of the State Board and no outside consulting costs will be incurred.

Fiscal Impact:

Impact will be minimal and requirements may be satisfied by current staff.

Iowa Reading Research Center

This Division requires the director of the Department of Education to establish an Iowa reading research center for the application of current research literacy, subject to an appropriation by the General Assembly.

Fiscal Impact:

The fiscal impact to the General Fund is contingent on an appropriation by General Assembly.

Assessments

- This Division directs school districts to administer a kindergarten readiness assessment prescribed by the Department to every resident prekindergarten or four-year-old child enrolled in the district. This subsection is repealed on July 1, 2013.
- Also directs school districts to administer the Iowa assessments, created by the University of Iowa, to all students in tenth grade.

Assumptions:

- Requires each school district to administer a kindergarten readiness exam to resident prekindergarten or four-year-old child enrolled in the district. The estimate assumes approximately 24,200 students will take the test annually at a cost of \$15 per test.
- The Department has indicated that 94.0% of tenth graders are currently being assessed.

Fiscal Impact:

- No State fiscal impact to administer a kindergarten readiness assessment.
- Requiring all tenth graders to take the Iowa assessment will have a minimal fiscal impact.

Estimated Local Impact:

The estimated fiscal impact of the kindergarten readiness assessment provision is an increased cost annually of \$363,000 beginning in FY 2013. The costs will be greater if additional students are required to take the assessment, with a maximum cost of \$600,000 annually (if all students entering kindergarten are required to take the assessment).

Student Progression, Remedial Instruction, Reporting Requirements, Promotion

This Division directs school districts to assess all students enrolled in kindergarten through third grade at the beginning of each school year for their level of reading or reading readiness on locally determined or statewide assessments. School districts must provide intensive reading instruction to any student who exhibits a substantial deficiency in reading, based on assessments or through teacher observations. Requires the school district to continue to provide the student with intensive reading instruction until the reading deficiency is remedied. The parent or guardian of any student in kindergarten through third grade that exhibits a substantial deficiency in reading is to be notified at least annually.

Beginning May 1, 2017, if a student's reading deficiency is not remedied by the end of third grade, as determined by local or statewide assessments, the district must notify the student's parent or guardian that they may enroll the student in an intensive summer reading program. If the parent or guardian does not enroll the student in the intensive summer reading program, and is ineligible for a good cause exemption, the student must be retained in third grade. If the student is exempt from participating in an intensive summer reading program for good cause, or completes the intensive summer reading program but is not reading proficient upon completion of the program, the student may be promoted to the fourth grade. School districts must continue to provide the student with intensive reading instruction until the student is proficient in reading as determined by local or statewide assessments.

Requires school districts to provide students, identified as having a substantial deficiency in reading, with intensive instructional services and supports free of charge to remediate the identified areas of reading deficiency. Instructional services include a minimum of 90 minutes daily of scientific, research-based reading instruction. Instructional services can also include strategies under the discretion of the school district that may include but are not limited to the following: small group instruction; reduced teacher-student ratios; more frequent progress

monitoring; tutoring or mentoring; extended school day, week, or year; or summer reading programs.

Requires school districts to provide a report to the parent or guardian regarding the academic and other progress being made by the student. School districts must provide parents of students identified as having a substantial deficiency in reading with a plan outlined in a parental contract, including participation in regular parent-guided home reading.

Subject to an appropriation by the General Assembly for the successful progression of early readers subsection, school districts must establish a reading enhancement and acceleration development initiative designed to offer intensive accelerated reading instruction to each student in kindergarten through third grade assessed as exhibiting a substantial deficiency in reading.

Each school district must report to the Department the specific intensive reading interventions and supports implemented by the school district.

In determining whether to promote a student from third to fourth grade, school districts must place significant weight on any reading deficiency identified by assessments or teacher observations. School districts must also consider the student's progress in other subject areas, as well as the student's overall intellectual, physical, emotional, and social development. The decision to retain a student in third grade must be made only after direct personal consultation with the student's parent or guardian and after the formulation of a specific plan of action to remedy the student's reading deficiency.

To ensure all children are reading proficiently by the end of third grade, each school district must address reading proficiency in their comprehensive school improvement plan. The plan should include information about children from assessments and the frequency of deficiencies identified by classroom, elementary school, and other student characteristics.

Subject to an appropriation by the General Assembly, each school district must provide professional development services to enhance the skills of elementary teachers in responding to a child's unique reading issues and needs.

Fiscal Impact:

No State fiscal impact.

Estimated Local Impact:

Reading deficiency under this Division will be contingent on the number of students considered substantially deficient in reading based on locally determined or statewide assessments conducted in kindergarten through third grade. The estimated fiscal impact will be subject to the number of students identified as deficient in reading, extent of deficiency, type of reading instruction, and amount of extra instruction time in addition to the regular instruction time. Significant costs will be associated with providing students with intensive summer reading programs and additional 90 minutes of daily reading instruction. Costs will increase depending on the strategies developed by the school districts including but not limited to: small group instruction; reduced teacher-student ratios; more frequent progress monitoring; tutoring or mentoring; extended school day, week, or year; or summer reading programs.

Cross-Agency Assessment Instrument Planning Group

This Division establishes a Cross-Agency Assessment Instrument Planning Group to study and select one standard, multidomain assessment instrument for implementation by all school districts for purposes of kindergarten assessments. The instrument must align with agreed upon state and national curriculum standards. The planning group is to study all costs

associated with implementing a universal assessment instrument. The assessment instrument is to be administered at the beginning and at the end of the school year to measure student skills and academic growth. The planning group is to submit findings and recommendations in a report to the General Assembly by November 15, 2012.

Fiscal Impact:

The LSA estimates minimal fiscal impact.

Division X – School Instructional Time Task Force

Division X requires the director of the Department of Education to appoint members to a school instructional time task force. The task force will review and submit findings and recommendations pertaining to school instructional time by October 15, 2012.

Assumptions:

The Department of Education will require additional funding for the costs associated with providing staff and services for the task force for FY 2013.

Fiscal Impact:

The estimated impact is an increase in FY 2013 General Fund expenditures of \$50,000 for the costs associated with the task force.

Division XI – Class Sharing Agreements

Division XI expands the courses eligible for school aid formula supplementary weighting. The LSA estimates class sharing agreements will increase supplementary weighting funding generated through the school aid formula beginning in FY 2014. Full-year Project Lead the Way courses are currently not eligible to receive supplementary weighting.

Assumptions:

Based on the October 2011 certified enrollment data, courses impacted by this Division had a supplementary weighting totaling 259.24. The LSA assumes this weighting will increase by 10.0% annually. Additionally, the LSA is assuming a 0.0% allowable growth rate for FY 2014 and FY 2015.

Fiscal Impact:

The estimated General Fund impact will be an increase in State school aid of \$1.5 million in FY 2014 and \$1.6 million in FY 2015. Additionally, local property taxes will increase for districts with students receiving the supplementary weighting. Statewide, the estimated property tax increase will be \$200,000 in FY 2014 and FY 2015.

Division XII – Practitioner Preparation Program Assessments

This Division requires institutions with approved practitioner preparation programs to administer a preprofessional skills test to admission candidates.

Institutions must also administer, prior to a student's completion of the program, subject assessments, designed by a nationally recognized testing service, that measure pedagogy and knowledge of at least one subject area, or a valid and reliable subject area specific, performance-based assessment for preservice teacher candidates, centered on student learning

Assumption:

The cost of the preprofessional skills test and the assessment to measure pedagogy and knowledge of at least one subject area will be paid by the student.

Fiscal Impact:

No State fiscal impact.

Division XIII – Kindergarten Requirement

This Division requires that a student enrolled in a school district and that is age five by September 15 be considered of compulsory attendance age.

Fiscal Impact:

No fiscal impact.

Division XIV – State Mandate

Requires any additional costs resulting from this Bill to local school districts to be paid through funds from State aid generated from the school aid formula.

Fiscal Impact:

The LSA has identified that Division III (Teacher and Administrator Matters) and Division IX (Early Childhood Literacy) may have additional costs with no additional funding provided in this Bill. However, those costs are currently unknown.

Sources

Iowa Department of Education
Board of Regents
Iowa State University
LSA analysis and calculations

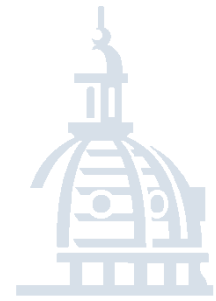
/s/ Holly M. Lyons

May 8, 2012

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



SF 2344 – Property Tax and EITC Changes (LSB 6143SV)

Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.state.ia.us)

Fiscal Note Version – New

Description

Senate File 2344 modifies Iowa's property valuation system for property tax purposes, creates two new business property tax credits, and increases the Earned Income Tax Credit from 7.0% to 15.0%. The taxable value changes are phased in over a number of fiscal years, beginning assessment year 2013 (FY 2015). The two new property tax credits begin FY 2014.

Significant provisions of **SF 2344** include:

1. Increases the Earned Income Tax Credit from the current level of 7.0% of the federal credit to 15.0% of the federal credit.
2. Reduces the maximum annual increase in statewide taxable value of agricultural property, due to revaluation of existing property, from the current 4.0% to 3.0% per year.
3. Reduces the maximum annual increase in statewide taxable value of residential property, due to revaluation of existing property, from the current 4.0% to 3.0% per year.
4. Establishes a floor of 50.0% and a ceiling of 60.0% for the residential rollback percentage (the percentage of a property's assessed value that is subject to property tax). The floor and ceiling do not impact the calculation of the agricultural rollback.
5. Creates a business property tax credit similar to the homestead credit for residential property. The property tax credit will be available for property classified as commercial, industrial, or railroad and the credit will pay a portion of the property tax on a specified maximum amount of a property's taxed value. The portion of the tax covered by the credit is equal to the difference between the residential and commercial (or industrial) rollback for that year, and the maximum property value the credit applies to is determined each year by the amount of money available in that year for credit payments. The maximum value will be calculated each year by the Department of Revenue (DR). The Bill appropriates \$25.0 million for the business credit in FY 2014 and that appropriation grows by \$25.0 million each year until it reaches \$125.0 million. Each annual increase in the appropriation is contingent upon a General Fund revenue increase of at least 3.0% in the previous fiscal year.
6. Creates an enterprise property tax credit for property classified as commercial, industrial, or railroad and the credit will have an impact similar to a rollback for commercial, industrial, and railroad property. The enterprise credit would pay the property tax on a percentage of the property's total value, after subtracting the value covered by the business credit discussed above. The percentage that will be covered each year is determined by the amount of money available in that year for credit payments. The percentage will be calculated each year by the DR. The Bill appropriates \$25.0 million for the business credit in FY 2014 and that appropriation grows by \$25.0 million each year until it reaches \$125.0 million. Each annual increase in the appropriation is contingent upon a General Fund revenue increase of at least 3.0% in the previous fiscal year.
7. Alters the taxation of property taxed under Iowa Code chapter **433** (telephone companies). Over five years, the Bill phases the taxation system for telephone companies into a system more similar to commercial property. All telephone company equipment will be exempt

- starting FY 2015, and property defined as “outside plant,” up to \$20.0 million per company, will be phased out over five years.
8. Creates a new property classification called multiresidential. This classification includes properties such as apartments, assisted living facilities, and nursing homes that are used for human habitation and currently classified commercial. Hotels and motels are not included in the new classification. The rollback for this new classification is established at 94.0% for FY 2015 and is reduced in six percentage-point increments until it reaches 64.0% for FY 2020. For FY 2021 and beyond, the multiresidential rollback is equal to the rollback for the residential property class.

Assumptions

The fiscal impact of the Earned Income Tax Credit percent increase was completed by the DR using a tax impact simulation model.

The fiscal impact estimate for the property tax provision of [SF 2344](#) is established by first producing a property tax estimate, by property class and by taxing authority category, through FY 2022 (baseline estimate). A property tax and State General Fund estimate is then established based on the tax system changes directed in the Bill. The fiscal estimate for the property tax system and the State General Fund represents the fiscal differences between the baseline estimate and the provisions of the Bill.

Attachment A provides background fiscal information, including taxable value, property tax rate, and property tax revenue history, as well as baseline and [SF 2344](#) projections. The information is statewide and is provided by property class and by taxing authority category. Tax Increment Financing (TIF) revenue is included with the taxing authority tax rate that generates the TIF revenue, not with the taxing authority that actually receives the revenue. **Attachment A** also provides the rollback projections, by class for assessment years 2012 through 2020, for the baseline and [SF 2344](#) projections.

1. Baseline projection assumptions:
 - a. School allowable growth, as directed by future legislation, will equal 2.0% each year. Static enrollments and weightings are assumed.
 - b. Going forward, local government property tax revenue will increase at the same average annual rate of increase experienced from FY 2001 through FY 2012. If taxable value growth is not sufficient to achieve the increase, rates will be increased to make up the difference. By major category of taxation, those rates over the 11 years include:
 - Revenue from city tax rates = +4.9% per year
 - Revenue from county tax rates in urban areas = +5.6% per year
 - Revenue from county tax rates in rural areas = +4.1% per year
 - Revenue from all other taxing authorities (not school, city, or county) = +5.5%
 - Property tax revenue from all tax rates, including schools = +4.8% per year
2. [SF 2344](#) projection assumptions:
 - a. School allowable growth, as directed by future legislation, will equal 2.0% each year. Static enrollments and weightings are assumed.
 - b. Going forward, local governments will not be able to increase property tax revenue at the same average annual rate experienced from FY 2001 through FY 2012. This will occur because of one or several of the following issues:
 - Some categories of local governments will have existing levy limits that are difficult or impossible to exceed.

- The level of tax rate increase necessary will prove too difficult for some cities and counties.
 - The revenue limitation for cities and counties (new construction plus annual inflation adjustment) will not allow rates to be raised sufficiently.
- c. Based on item 2b above, the average annual rate of revenue increase will be below baseline projections. By major category of tax authority, the projected property tax revenue increase from FY 2012 through FY 2022 is projected to be:
- Revenue from city tax rates = +4.9% per year
 - Revenue from county tax rates in urban areas = +4.9% per year
 - Revenue from county tax rates in rural areas = +3.7% per year
 - Revenue from all other taxing authorities (not school, city, or county) = +3.9%
 - Property tax revenue from all tax rates, including schools = +3.7% per year
- d. Telecommunications property that is subject to the phase-out provisions of the Bill totals \$847.4 million in taxable value.
- e. Apartment, assisted living, nursing home, etc. property that will be converted to the new multiresidential classification totals \$4.0 billion in taxable value.

Fiscal Impact

Earned Income Tax Credit

The Earned Income Tax Credit provision of the Bill will reduce net General Fund revenue by approximately \$30.9 million per tax year, beginning tax year 2012. By fiscal year, the General Fund reduction is estimated at:

- FY 2013 = \$35.1 million
- FY 2014 = \$30.9 million
- FY 2015 = \$30.9 million
- FY 2016 = \$30.7 million

The General Fund impact is projected to be similar in future fiscal years. Since the tax credit is refundable, there is no impact on the local option income surtax for schools.

Property Tax Provisions

[Senate File 2344](#) will decrease property taxes paid by all classes of property and will reduce property tax revenue across all taxing authority categories. The Bill will require increased General Fund appropriations for school finance and appropriations to pay the Statewide cost of the two new property tax credits.

The Bill impacts General Fund appropriations for school finance by reducing the amount of commercial, industrial, railroad, telecommunications, residential, and agricultural property subject to property taxation compared to the baseline estimate. Through action of the school aid formula, those provisions will require increased General Fund appropriations to fully fund schools.

Table 1 below provides annual estimates of the new or increased General Fund appropriations through FY 2022 (\$327.6 million by FY 2022).

Many of the Bill's provisions impact the taxable value of property subject to the property tax in Iowa. Those provisions will reduce property taxes owed by property owners and property tax revenue received by local governments. To the extent that local governments cannot or will not raise tax rates to maintain property tax revenue streams, the taxable value reductions will result

in reduced taxes owed by property owners and reduced property tax revenue for local governments. Some, but not all, of the local government revenue reduction will be replaced by the new or increased General Fund appropriations. **Table 2** provides the projected annual property tax reduction, in millions of dollars, by class of property (\$418.7 million by FY 2022). **Table 3** provides the annual property tax revenue reduction projected for each major category of taxing authority (\$168.7 million by FY 2022). **Table 4** provides the annual local government revenue reduction, after factoring in the new and increased General Fund appropriations that replace some of the reduced property tax revenue (\$91.1 million by FY 2022).

The local government revenue reductions may result in action by taxing authorities to replace the revenue reductions projected in **Table 4** by increasing existing alternative fees and taxes, or by instituting new fees and taxes. Projecting the extent of this alternative revenue response is beyond the scope of this fiscal note.

SF 2344 - Dollars in Millions - Columns may not add due to rounding

Does not include impact of the EITC Increase

Table 1 - General Fund Appropriation Increase

House Proposal	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
School Aid \$5.40	\$ 0.0	\$ 10.7	\$ 18.3	\$ 26.9	\$ 35.3	\$ 45.4	\$ 55.4	\$ 67.6	\$ 77.6
Business Prop Tax Credit	50.0	100.0	150.0	200.0	250.0	250.0	250.0	250.0	250.0
Backfill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total State Support	\$ 50.0	\$ 110.7	\$ 168.3	\$ 226.9	\$ 285.3	\$ 295.4	\$ 305.4	\$ 317.6	\$ 327.6

Table 2 - Property Tax Dollars by Property Class

Difference, SF 2344 Minus Baseline Projection

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Residential	\$ 0.0	\$ -2.4	\$ -13.8	\$ -25.4	\$ -41.1	\$ -56.0	\$ -74.7	\$ -91.7	\$ -120.7
Agriculture	0.0	-1.3	-5.1	-9.0	-13.6	-18.3	-23.6	-28.8	-35.7
Com/Ind/Rail/Multi-Res	-50.0	-95.1	-145.1	-197.4	-246.0	-248.8	-247.9	-252.8	-241.9
Utility/Other	0.0	-24.0	-24.6	-24.3	-23.9	-23.2	-22.2	-21.0	-20.4
Total	\$ -50.0	\$ -122.8	\$ -188.6	\$ -256.1	\$ -324.6	\$ -346.3	\$ -368.4	\$ -394.3	\$ -418.7

Table 3 - Property Tax Dollars by Authority

Difference, SF 2344 Minus Baseline Projection

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
City	\$ 0.0	\$ -0.7	\$ -1.4	\$ -2.2	\$ -3.1	\$ -4.0	\$ -5.0	\$ -6.2	\$ -7.4
County-Urban	0.0	-1.3	-2.7	-4.2	-6.0	-7.9	-10.0	-12.3	-14.8
County- Rural	0.0	-0.3	-0.6	-0.9	-1.2	-1.6	-2.0	-2.4	-2.9
School	0.0	-14.9	-21.8	-29.7	-37.9	-48.1	-57.9	-70.2	-79.9
Other Local Gov.	0.0	-5.8	-12.1	-19.0	-26.5	-34.7	-43.6	-53.2	-63.7
Total	\$ 0.0	\$ -23.0	\$ -38.6	\$ -56.0	\$ -74.7	\$ -96.3	\$ -118.5	\$ -144.3	\$ -168.7

Table 4 - Property Tax Dollars by Authority

Difference Adjusted For State Appropriations (Backfill & School Aid)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
City	\$ 0.0	\$ -0.7	\$ -1.4	\$ -2.2	\$ -3.1	\$ -4.0	\$ -5.0	\$ -6.2	\$ -7.4
County-Urban	0.0	-1.3	-2.7	-4.2	-6.0	-7.9	-10.0	-12.3	-14.8
County- Rural	0.0	-0.3	-0.6	-0.9	-1.2	-1.6	-2.0	-2.4	-2.9
School	0.0	-4.2	-3.5	-2.8	-2.6	-2.7	-2.5	-2.6	-2.3
Other Local Gov.	0.0	-5.8	-12.1	-19.0	-26.5	-34.7	-43.6	-53.2	-63.7
Total	\$ 0.0	\$ -12.3	\$ -20.3	\$ -29.1	\$ -39.4	\$ -50.9	\$ -63.1	\$ -76.7	\$ -91.1

Sources

Department of Management property valuation and rate history files
Department of Revenue property valuation reports
Legislative Services Agency analysis

/s/ Holly M. Lyons

May 8, 2012

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Table

SF 2344 - Property Tax Includes TIF Dollars

1A General Fund Appropriation Increase - In Millions of Dollars											
House Proposal	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
School Aid \$5.40	\$ 0.0	\$ 0.0	\$ 0.0	\$ 10.7	\$ 18.3	\$ 26.9	\$ 35.3	\$ 45.4	\$ 55.4	\$ 67.6	\$ 77.6
2 New Prop Tax Credits	0.0	0.0	50.0	100.0	150.0	200.0	250.0	250.0	250.0	250.0	250.0
Backfill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total State Support	\$ 0.0	\$ 0.0	\$ 50.0	\$ 110.7	\$ 168.3	\$ 226.9	\$ 285.3	\$ 295.4	\$ 305.4	\$ 317.6	\$ 327.6

2A Property Tax Dollars in Millions by Class - Baseline											
Baseline	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Residential	\$ 2,300.3	\$ 2,454.7	\$ 2,594.7	\$ 2,735.2	\$ 2,891.9	\$ 3,049.8	\$ 3,228.2	\$ 3,392.4	\$ 3,589.7	\$ 3,773.3	\$ 3,990.3
Agriculture	720.1	756.0	787.6	818.7	850.3	881.3	914.9	947.0	983.1	1,017.9	1,056.7
Com/Ind/Rail/Multi-Res	1,524.0	1,567.1	1,595.3	1,640.0	1,680.3	1,738.4	1,779.7	1,862.6	1,910.0	1,999.7	2,055.8
Utility/Other	254.4	256.4	257.8	258.3	258.5	257.9	258.0	256.7	256.8	255.6	255.6
Total	\$ 4,798.8	\$ 5,034.3	\$ 5,235.3	\$ 5,452.2	\$ 5,680.9	\$ 5,927.4	\$ 6,180.9	\$ 6,458.7	\$ 6,739.6	\$ 7,046.4	\$ 7,358.4

2B Property Tax Dollars in Millions by Class - SF 2344											
House Proposal	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Residential	\$ 2,300.3	\$ 2,454.7	\$ 2,594.7	\$ 2,732.8	\$ 2,878.1	\$ 3,024.4	\$ 3,187.1	\$ 3,336.4	\$ 3,515.0	\$ 3,681.6	\$ 3,869.6
Agriculture	720.1	756.0	787.6	817.3	845.2	872.3	901.3	928.7	959.6	989.1	1,021.0
Com/Ind/Rail/Multi-Res	1,524.0	1,567.1	1,545.3	1,544.9	1,535.2	1,541.0	1,533.7	1,613.8	1,662.0	1,746.8	1,813.9
Utility/Other	254.4	256.4	257.8	234.3	234.0	233.6	234.1	233.6	234.6	234.6	235.2
Total	\$ 4,798.8	\$ 5,034.3	\$ 5,185.3	\$ 5,329.4	\$ 5,492.4	\$ 5,671.4	\$ 5,856.3	\$ 6,112.5	\$ 6,371.2	\$ 6,652.1	\$ 6,939.7

2C Property Tax Dollars in Millions by Class - Difference, SF 2344 minus Baseline											
House Proposal	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Residential	\$ 0.0	\$ 0.0	\$ 0.0	\$ -2.4	\$ -13.8	\$ -25.4	\$ -41.1	\$ -56.0	\$ -74.7	\$ -91.7	\$ -120.7
Agriculture	0.0	0.0	0.0	-1.3	-5.1	-9.0	-13.6	-18.3	-23.6	-28.8	-35.7
Com/Ind/Rail/Multi-Res	0.0	0.0	-50.0	-95.1	-145.1	-197.4	-246.0	-248.8	-247.9	-252.8	-241.9
Utility/Other	0.0	0.0	0.0	-24.0	-24.6	-24.3	-23.9	-23.2	-22.2	-21.0	-20.4
Total	\$ 0.0	\$ 0.0	\$ -50.0	\$ -122.8	\$ -188.5	\$ -256.0	\$ -324.7	\$ -346.2	\$ -368.4	\$ -394.3	\$ -418.7

3A Property Tax Dollars in Millions by Authority - Baseline											
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
City	\$ 1,204.7	\$ 1,263.3	\$ 1,324.7	\$ 1,389.2	\$ 1,456.7	\$ 1,527.6	\$ 1,601.9	\$ 1,679.8	\$ 1,761.5	\$ 1,847.2	\$ 1,937.0
County-Urban	570.2	602.2	636.0	671.8	709.5	749.4	791.5	836.0	883.0	932.6	985.0
County- Rural	505.7	526.4	547.9	570.3	593.6	617.9	643.2	669.5	696.9	725.4	755.0
School	2,171.8	2,277.1	2,341.4	2,414.6	2,492.5	2,580.5	2,667.7	2,770.8	2,868.1	2,982.2	3,091.7
Other Local Gov.	346.4	365.3	385.2	406.3	428.5	451.9	476.6	502.7	530.1	559.1	589.7
Total	\$ 4,798.8	\$ 5,034.3	\$ 5,235.3	\$ 5,452.2	\$ 5,680.9	\$ 5,927.4	\$ 6,180.9	\$ 6,458.7	\$ 6,739.6	\$ 7,046.4	\$ 7,358.4

3B Property Tax Dollars in Millions by Authority - SF 2344											
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
City	\$ 1,204.7	\$ 1,263.3	\$ 1,324.7	\$ 1,388.5	\$ 1,455.3	\$ 1,525.4	\$ 1,598.8	\$ 1,675.8	\$ 1,756.5	\$ 1,841.0	\$ 1,929.6
County-Urban	570.2	602.2	636.0	670.5	706.9	745.2	785.6	828.1	873.0	920.3	970.2
County- Rural	505.7	526.4	547.9	570.1	593.1	617.0	642.0	667.9	694.9	722.9	752.1
School	2,171.8	2,277.1	2,341.4	2,399.8	2,470.7	2,550.8	2,629.8	2,722.7	2,810.3	2,912.0	3,011.8
Other Local Gov.	346.4	365.3	385.2	400.5	416.4	432.9	450.1	468.0	486.6	505.9	526.0
Total	\$ 4,798.8	\$ 5,034.3	\$ 5,235.3	\$ 5,429.3	\$ 5,642.4	\$ 5,871.3	\$ 6,106.2	\$ 6,362.5	\$ 6,621.2	\$ 6,902.1	\$ 7,189.7

3C Property Tax Dollars in Millions by Authority - Difference, SF 2344 minus Baseline											
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
City	\$ 0.0	\$ 0.0	\$ 0.0	\$ -0.7	\$ -1.4	\$ -2.2	\$ -3.1	\$ -4.0	\$ -5.0	\$ -6.2	\$ -7.4
County-Urban	0.0	0.0	0.0	-1.3	-2.7	-4.2	-6.0	-7.9	-10.0	-12.3	-14.8
County- Rural	0.0	0.0	0.0	-0.3	-0.6	-0.9	-1.2	-1.6	-2.0	-2.4	-2.9
School	0.0	0.0	0.0	-14.9	-21.8	-29.7	-37.9	-48.1	-57.9	-70.2	-79.9
Other Local Gov.	0.0	0.0	0.0	-5.8	-12.1	-19.0	-26.5	-34.7	-43.6	-53.2	-63.7
Total	\$ 0.0	\$ 0.0	\$ 0.0	\$ -22.9	\$ -38.5	\$ -56.0	\$ -74.7	\$ -96.3	\$ -118.5	\$ -144.4	\$ -168.7

3D Property Dollars Tax in Millions by Authority - Difference Adjusted For State Appropriations (Backfill & School Aid)											
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
City	\$ 0.0	\$ 0.0	\$ 0.0	\$ -0.7	\$ -1.4	\$ -2.2	\$ -3.1	\$ -4.0	\$ -5.0	\$ -6.2	\$ -7.4
County-Urban	0.0	0.0	0.0	-1.3	-2.7	-4.2	-6.0	-7.9	-10.0	-12.3	-14.8
County- Rural	0.0	0.0	0.0	-0.3	-0.6	-0.9	-1.2	-1.6	-2.0	-2.4	-2.9
School	0.0	0.0	0.0	-4.2	-3.5	-2.8	-2.6	-2.7	-2.5	-2.6	-2.3
Other Local Gov.	0.0	0.0	0.0	-5.8	-12.1	-19.0	-26.5	-34.7	-43.6	-53.2	-63.7
Total	\$ 0.0	\$ 0.0	\$ 0.0	\$ -12.2	\$ -20.2	\$ -29.1	\$ -39.4	\$ -50.9	\$ -63.1	\$ -76.8	\$ -91.1

Rollback Projections

	Assessment Year	Fiscal Year	Residential		Ag Land & Buildings		Multi-Residential		Com/Ind/Rail	
			Baseline	Proposed	Baseline	Proposed	Baseline	Proposed	Baseline	Proposed
Actual	AY 2010	FY 2012	48.53%	48.53%	69.02%	69.02%			100.00%	100.00%
Actual	AY 2011	FY 2013	50.75%	50.75%	57.54%	57.54%			100.00%	100.00%
Projected	AY 2012	FY 2014	52.81%	52.81%	59.89%	59.89%			100.00%	100.00%
Projected	AY 2013	FY 2015	53.83%	53.32%	48.00%	47.54%	100.00%	94.00%	100.00%	100.00%
Projected	AY 2014	FY 2016	55.95%	54.89%	49.96%	49.00%	100.00%	88.00%	100.00%	100.00%
Projected	AY 2015	FY 2017	56.48%	54.89%	52.73%	51.23%	100.00%	82.00%	100.00%	100.00%
Projected	AY 2016	FY 2018	58.69%	56.51%	54.88%	52.81%	100.00%	76.00%	100.00%	100.00%
Projected	AY 2017	FY 2019	58.75%	56.03%	57.77%	55.06%	100.00%	70.00%	100.00%	100.00%
Projected	AY 2018	FY 2020	60.72%	57.36%	60.13%	56.76%	100.00%	64.00%	100.00%	100.00%
Projected	AY 2019	FY 2021	60.66%	56.76%	69.08%	64.59%	100.00%	56.76%	100.00%	100.00%
Projected	AY 2020	FY 2022	62.67%	58.09%	71.90%	66.58%	100.00%	58.09%	100.00%	100.00%

Average Annual % Change in Taxable Value, Tax Rate, and Tax Revenue	Taxable Value & Tax Dollars in Millions, Rates in \$/\$1,000						
	Actual FY	Baseline FY	SF XXXX	Actual FY	Actual FY	FY 2022	FY 2022
	2001 to FY	2012 to FY	FY 2012 to				
	2012	2022	FY 2022	2001	2012	Baseline	Proposal
By Property Class							
Residential							
Taxable Value	4.7%	5.8%	4.5%	\$ 38,780	\$ 64,536	\$ 113,280	\$ 105,000
Statewide Average Tax Rate	1.1%	-0.1%	0.3%	\$ 31.48	\$ 35.68	\$ 35.22	\$ 36.86
Property Tax Revenue	5.9%	5.6%	4.8%	\$ 1,221	\$ 2,303	\$ 3,990	\$ 3,870
Agricultural							
Taxable Value	0.7%	4.5%	3.3%	\$ 23,939	\$ 25,910	\$ 40,195	\$ 37,219
Statewide Average Tax Rate	1.6%	-0.2%	0.2%	\$ 22.64	\$ 26.86	\$ 26.30	\$ 27.43
Property Tax Revenue	2.3%	4.3%	3.5%	\$ 542	\$ 696	\$ 1,057	\$ 1,021
Com/Ind/Rail/Multi-Res							
Taxable Value	4.8%	3.1%	2.4%	\$ 24,543	\$ 40,968	\$ 55,583	\$ 53,366
Statewide Average Tax Rate	1.1%	-0.2%	0.2%	\$ 33.56	\$ 37.68	\$ 36.99	\$ 38.68
Property Tax Revenue	5.9%	2.9%	2.7%	\$ 824	\$ 1,544	\$ 2,056	\$ 2,064
				Adjusted for two new tax credits --> \$ 1,814			
Utility/Other							
Taxable Value	-1.5%	0.4%	-0.7%	\$ 9,362	\$ 7,964	\$ 8,263	\$ 7,356
Statewide Average Tax Rate	1.0%	-0.4%	-0.1%	\$ 28.79	\$ 32.14	\$ 30.98	\$ 31.95
Property Tax Revenue	-0.5%	0.0%	-0.8%	\$ 270	\$ 256	\$ 256	\$ 235
Total - All Classes							
Taxable Value	3.4%	4.5%	3.5%	\$ 96,624	\$ 139,379	\$ 217,321	\$ 202,941
Statewide Average Tax Rate	1.4%	-0.2%	0.3%	\$ 29.56	\$ 34.43	\$ 33.86	\$ 35.43
Property Tax Revenue	4.8%	4.4%	3.7%	\$ 2,856	\$ 4,799	\$ 7,359	\$ 7,190
				Adjusted for two new tax credits --> \$ 6,940			

By Taxing Authority Type

Average Annual % Change in Taxable Value, Tax Rate, and Tax Revenue	Taxable Value & Tax Dollars in Millions, Rates in \$/\$1,000						
	City *						
Taxable Value	4.1%	4.6%	3.5%	\$ 55,867	\$ 86,990	\$ 135,912	\$ 127,142
Statewide Average Tax Rate	0.7%	0.3%	0.8%	\$ 12.79	\$ 13.85	\$ 14.25	\$ 15.18
Property Tax Revenue	4.9%	4.9%	4.4%	\$ 715	\$ 1,205	\$ 1,937	\$ 1,930
County-Urban							
Taxable Value	4.1%	4.6%	3.5%	\$ 56,294	\$ 87,461	\$ 136,647	\$ 127,823
Statewide Average Tax Rate	1.5%	1.0%	1.4%	\$ 5.55	\$ 6.52	\$ 7.21	\$ 7.59
Property Tax Revenue	5.6%	5.6%	4.9%	\$ 312	\$ 570	\$ 985	\$ 970
County-Rural							
Taxable Value	2.3%	4.5%	3.4%	\$ 40,329	\$ 51,917	\$ 80,673	\$ 75,118
Statewide Average Tax Rate	1.7%	-0.4%	0.2%	\$ 8.07	\$ 9.74	\$ 9.36	\$ 10.01
Property Tax Revenue	4.1%	4.1%	3.7%	\$ 325	\$ 506	\$ 755	\$ 752
School							
Taxable Value	3.4%	4.5%	3.5%	\$ 96,624	\$ 139,379	\$ 217,320	\$ 202,941
Statewide Average Tax Rate	1.3%	-0.9%	-0.4%	\$ 13.56	\$ 15.58	\$ 14.23	\$ 14.84
Property Tax Revenue	4.7%	3.6%	3.0%	\$ 1,310	\$ 2,172	\$ 3,092	\$ 3,012
Other Local Governments							
Taxable Value	3.4%	4.5%	3.5%	\$ 96,624	\$ 139,379	\$ 217,320	\$ 202,941
Statewide Average Tax Rate	2.0%	0.9%	0.4%	\$ 2.00	\$ 2.49	\$ 2.71	\$ 2.59
Property Tax Revenue	5.5%	5.5%	3.9%	\$ 193	\$ 346	\$ 590	\$ 526
Total - All Local Governments							
Taxable Value	3.4%	4.5%	3.5%	\$ 96,624	\$ 139,379	\$ 217,320	\$ 202,941
Statewide Average Tax Rate	1.4%	-0.2%	0.3%	\$ 29.56	\$ 34.43	\$ 33.86	\$ 35.43
Property Tax Revenue	4.8%	4.4%	3.7%	\$ 2,856	\$ 4,799	\$ 7,359	\$ 7,190

* City taxable value excludes property that is exempt from the city rate and also excludes agricultural property. City agland is included in "Other Local Governments."

NOTE: For the "By Taxing Authority Type" portion of the Table, Tax Increment Financing (TIF) revenue is included with the original taxing authority, not with the authority that ultimately receives the TIF revenue.

Fiscal Note

Fiscal Services Division



HF 2470 – Agricultural Equipment Sales Tax Exemption (LSB 5629S5256)
Analyst: Shawn Snyder (Phone: 515-281-7799) (shawn.snyder@legis.state.ia.us)
Fiscal Note Version – As Amended By **S-5256**

Description

House File 2470 as amended by **S-5256** expands the exemption of sales and use taxes imposed on machinery and equipment sold for farm use. As amended, the Bill specifies that snow blowers, rear or fronted mounted blades, and rotary cutters are exempt from sales tax if they are attached to implements of husbandry and used on the agricultural production.

Background

Currently, the list of farm and machinery equipment that is exempt from sales tax for agricultural production purposes includes: tractors, combines, land preparation machinery, dairy farm and barn equipment, irrigation equipment, planters, manure spreaders, wagons, and balers.

Assumptions

- The Department of Revenue matched data with the Department of Workforce Development to identify Iowa farm implement dealers. Based on that data match, 373 businesses were identified in Iowa with total sales totaling approximately \$3.280 billion in FY 2011. In FY 2011, 90% of the total sales by the identified businesses were exempt from sales and use tax.
- The estimated average price for snowplows is \$4,744, for mounted snowplow blades is \$4,281, and for rotary cutters is \$4,337.
- Average price growth factors are 1.9%, 2.65%, 2.78%, and 2.36% from FY 2013 through FY 2016. Total sales growth rates are estimated at 3.5%, 3.0%, 2.9%, 4.0%, and 4.2% from FY 2012 through FY 2016.
- The estimate assumes that 5.0% of full-time farmers and 1.0% of part-time farmers purchase a snowblower, mounted blades, or a rotary cutter annually. Based on U.S. Department of Agriculture (Census of Agriculture), there are approximately 53,492 full-time farmers and 28,937 part-time farmers. Overall, the estimate assumes that approximately 741 mounted blades, 741 snowblowers, and 1,482 rotary cutters will be purchased annually in Iowa.
- Annual sales of the items exempt in this legislation are estimated to represent approximately 0.36% of the total sales of the identified Iowa farm implement dealers.
- The State sales tax rate is 6.0% with 5/6th deposited in the State General Fund and 1/6th deposited in the Secure an Advanced Vision for Education (SAVE) Fund.
- The statewide Local Option Sales Tax (LOST) rate is 0.87%.

Fiscal

The following table provides the estimated fiscal impact of **S-5256**. State sales tax will be reduced by \$0.81 million in FY 2013 with reductions in General Fund revenue totaling \$0.67 million, SAVE Fund revenue totaling \$0.13 million, LOST revenue of \$0.12 million. The reduction amounts will increase slightly in future fiscal years.

HF 2470 as amended by S-5256
Estimated Reduction in Revenues (in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
State Sales Tax	\$ 0.81	\$ 0.83	\$ 0.85	\$ 0.87
General Fund Portion	0.67	0.69	0.71	0.73
SAVE Fund Portion	0.13	0.14	0.14	0.15
Local Option Sales Tax	0.12	0.12	0.12	0.13
SAVE = Secure an Advanced Vision for Education				

Sources

Iowa Department of Revenue
LSA calculations and analysis

/s/ Holly M. Lyons

May 8, 2012

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 2473 – Business Development Financial Assistance Program (LSB 5347HZ.1)
Analyst: Kenneth Ohms (Phone: 515-725-2200) (kenneth.ohms@legis.state.ia.us)
Fiscal Note Version – As amended and passed by the House
Requested by Representative Josh Byrnes

Description

House File 2473 adds a direct financial assistance component to the High Quality Jobs Program and makes other changes related to the sunset of the Economic Development Fund (formerly the Grow Iowa Values Fund).

Background

House File 648 (FY 2012 Infrastructure Appropriations Act) repealed the Economic Development Fund effective June 30, 2012, and required the Iowa Economic Development Authority (EDA) to propose to the General Assembly a new business development financial assistance program and any changes in law necessary to implement the repeal of the subchapter. The EDA submitted **HSB 591** to fulfill this requirement.

The historical expenditures and current year budget estimate for administration of the Economic Development Fund is outlined in the table below.

	Actual FY 2010	Actual FY 2011	Estimated FY 2012
Expenditures	\$ 1,552,025	\$ 1,319,706	\$ 1,617,676
FTE Positions	15.1	13.3	17.3

Additionally, the EDA has expended money associated with National Marketing (\$2.3 million), Laborshed Studies (\$145,000), and Information Technology/Technical Assistance (\$350,000).

Assumptions

The following assumptions were used in the preparation of this memo:

- The amount appropriated to this Program will vary each fiscal year (**House File 2337** appropriated \$15.0 million from the Rebuild Iowa Infrastructure Fund for this Program for FY 2013).
- The costs outlined above will remain constant.
- Depending on the amount appropriated, the EDA will adjust its budget accordingly.

Fiscal Impact

Since the EDA is already operating a direct funding financial assistance program, restructuring it in the manner of **HF 2473** will have minimal fiscal impact.

Sources

Department of Revenue
Iowa Economic Development Authority
LSA Analysis & Calculations

/s/ Holly M. Lyons

May 8, 2012

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
